

# Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Paris, Friday, October 14, 1994

No. 34,719



The brokers of the Protestant cease-fire, including the paramilitary leader, Gusto Spence, center, after announcing an end to "operational hostilities" Thursday.

## Ulster Protestants Call a Cease-Fire of Their Own

By John Darnton

New York Times Service

BELFAST — Hope for peace in Northern Ireland took a giant stride ahead Thursday as Protestant gunmen responded to the six-week-old cease-fire of the Irish Republican Army by declaring their own cease-fire.

The Protestant terrorist groups pledged to "universally cease all operational hostilities" as of midnight Thursday.

The duration of the cease-fire, a communiqué said, will be "completely dependent" upon how long the IRA cease-fire lasts.

The step was a further breakthrough in steps to end the sectarian warfare that has wracked the province for 25 years.

It meant that for the first time, the heavily-armed

paramilitaries on both sides of the religious divide have said they were stopping fighting, not for short-term tactical reasons but to bring about negotiations and a democratic solution.

It does not, however, mean that peace is guaranteed. That would come only with a final settlement, and one has yet to be proposed that would square the desires of 950,000 Protestants, almost all of whom want to remain part of Britain, with those of 650,000 Catholics, many of whom yearn for union with Ireland.

Thursday's announcement was greeted warmly by most politicians on both sides of the Irish Sea.

Prime Minister Albert Reynolds of Ireland saw it as "the dawn of a new era." John Hume, a Catholic politician from Northern Ireland who played an important

role in getting the peace initiative off the ground, was equally enthusiastic about "a very good day for the people of Northern Ireland."

But Prime Minister John Major of Britain tinged his favorable comments, in which he called the cease-fire "unusually good news," with supreme caution. "We must analyze it and consider it and then carefully decide with realism what is the way forward," he said.

The British government has not yet fully accepted as genuine the Sept. 1 cease-fire by the IRA because it is not satisfied that the cease-fire is permanent. Until such a proclamation is made, Mr. Major says, the clock will not start ticking to count off a good-faith period of up to

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## Iraq Offers to Drop Its Claim on Kuwait

### Moscow-Baghdad Deal Emissions End to UN Sanctions in 6 Months

Compiled by Our Staff From Dispatches

BAGHDAD — Saddam Hussein offered Thursday to recognize Kuwait as a sovereign state if the United Nations promised to ease its embargo after six months.

The offer came in a joint Iraqi-Russian statement issued after a meeting here between Mr. Saddam and Foreign Minister Andrei Kozyrev of Russia.

There was no immediate official reaction from the United States, which in a week has dispatched tens of thousands of troops and scores of warplanes to Kuwait to counter an Iraqi military buildup near the border with Kuwait.

But CNN reported from Washington and the United Nations that the first reaction was extremely skeptical.

"Iraq has a whole host of resolutions to comply with," a U.S. official said. "It cannot choose a la carte what it wants to comply with."

There was also another complication Thursday evening as U.S. intelligence detected that three Iraqi combat brigades had halted their withdrawal from near the Kuwaiti border. As much as one of two Iraqi divisions stopped about 150 kilometers (100 miles) northwest, and tanks dug in in defensive battle positions, U.S. defense officials said.

The Russian-Iraqi statement said, "Iraq confirms its readiness to solve the issue of recognizing Kuwait's sovereignty and borders as decreed by Security Council Resolution 833 in a positive manner."

"Russia will support following Iraq's formal recognition of Kuwait the specifying of the formal start of the formal operation of the long-term monitoring system according to Security Council Resolution 715," it said.

Washington has said in the past that sanctions would not be lifted until Iraq complied with resolutions on Kuwait's borders as well as resolutions on Baghdad's weapons of mass destruction, threat of minorities, support of terrorism and reparations for the Gulf War.

The United States is likely to view this latest gambit as an effort to drive a wedge between Iraq and Britain, both of which have taken a hard line against Iraq, and also between the United States and France, China and Russia, which have been more interested in seeing sanctions removed.

Some U.S. experts argue that Mr. Saddam will never keep his promises and that even after sanctions are lifted his behavior will be threatening to his neighbors and the United States.

Mr. Kozyrev was in Baghdad to try to work out an agreement to defuse tension between Iraq and the West. Mr. Saddam's offer echoed a similar statement made by his ambassador to the United Nations on Wednesday.

Russia said it would support a six-month test period for the UN system in

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## Swiss Find Remains of Sect Leader

By Alan Riding

New York Times Service

GENEVA — One week after 48 members of a doomsday sect were found dead in two Swiss villages, investigators said Thursday that they had identified the group's spiritual leader among the victims, reinforcing first impressions that he may have organized a ritualistic collective suicide.

Only 24 hours earlier, the police said they were still hunting for Luc Joutet, who founded the Solar Tradition in 1984, on suspicion of premeditated homicide and arson. The police had also issued an arrest warrant Friday for Dr. Joutet's chief associate, Joseph di Mambro, but his body was found Sunday.

Now, with the identification of Dr. Joutet's body, investigators have had to abandon the idea that he arranged the deaths to appear like suicide in order to flee with the sect's considerable funds. Rather, Dr. Joutet, a 46-year-old Belgian homeopathic physician, appears to have believed his own preachings that the end of the world was near.

This view has been reinforced by documents sent anonymously to many newspapers in which the group's decision to die was explained in lengthy, esoteric terms. One document, entitled "Transit to the Future," said the earth would soon suffer the fate of Sodom and Gomorrah.

The documents were mailed a few hours after the bodies were found, on Oct. 5, but a lawyer for a young sect member, Patrick Vuarnet, said Thursday that on the previous day Mr. di Mambro gave Mr. Vuarnet a batch of sealed and addressed envelopes to mail. They included an envelope in which the passports of Mr. di Mambro and his wife were sent to France's interior minister, Charles Pasqua.

Reinforcing the notion that everything was carefully planned, the bodies of five people linked to the sect were found last week in a burned-out house owned by Mr. di Mambro in Morin Heights, Quebec. The police now believe that three of these victims were murdered by a man whose body

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## U.S. and Israel Pressure Arafat On Kidnapping

By Clyde Haberman

New York Times Service

JERUSALEM — The United States joined Israel on Thursday in applying intense pressure on Yasser Arafat to make sure that a kidnapped Israeli soldier is delivered safely from Islamic radicals who threaten to kill him anytime after Friday night.

Underlining the soldier's dual American and Israeli citizenship, U.S. officials led by Secretary of State Warren M. Christopher phoned Mr. Arafat several times and warned him that he was responsible for ending the crisis since he was in charge of the autonomous Gaza Strip.

The United States thus gave full support to Prime Minister Yitzhak Rabin, who insists despite denials from the Palestinian leadership that the abducted serviceman, Corporal Nahshon Waxman, 20, is being held somewhere in Gaza by armed radicals of the Hamas Islamic group.

With American backing, Mr. Rabin also has broken off peace talks with Mr. Arafat's Palestine Liberation Organization and has implied that existing agreements could be suspended if Corporal Waxman was killed.

Reacting to the pressure, the Palestinian police under Mr. Arafat's control raided houses overnight across the coastal strip and arrested some 200 Hamas militants, including some said to belong to the group's armed wing.

But Islamic leaders openly defied the PLO, accusing it in leaflets of doing Israel's "dirty work" and renewing its threat to kill the soldier after its deadline of 9 P.M.

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## Kiosk

### Kohl Makes Plea For Big Turnout

FRANKFURT (Reuters) — Chancellor Helmut Kohl, making his final campaign speech in Western Germany before Sunday's general election, urged his supporters on Thursday not to waste a single vote.

"We need every vote," he said at a rally here. "We in the Christian Democratic Union have no votes to give away and none to lose."

The CDU was cautiously optimistic at the end of the campaign as party strategists hoped for a strong turnout by supporters to secure a fourth four-year term for Mr. Kohl's center-right coalition.

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PANAMA BOUND — Lieutenant General Raoul Cédras, with his family at the Port-au-Prince airport on Thursday, on his way into exile. Page 3.

## Japanese Writer Is Awarded Nobel Prize

By James Sterngold

New York Times Service

TOKYO — The Swedish Academy announced Thursday that Kenzaburo Oe, a Japanese intellectual known for his powerful accounts of the atomic bombing of Hiroshima and his struggle to come to terms with a mentally handicapped son, has been awarded the 1994 Nobel Prize in Literature.

Mr. Oe, 59, is just the second Japanese writer to have received the coveted award, which was announced in Stockholm.

He follows Yasunari Kawabata, who received the honor in 1968. But while Mr. Kawabata generally explored traditional Japanese themes with a delicate writing style, Mr. Oe has written politically charged tales filled with a sense of anger and betrayal, like the post-war generation he has come to represent.

Mr. Oe came of age under the American occupation after

Japan's shattering defeat in World War II and was recognized as a leading writer while still a university student in the late 1950s. While some authors found nothing but despair in those bleak days, Mr. Oe's leftist political essays, short stories and lyrically written novels revolved around what critics generally describe as a core of hope and courage mixed with bitter humor.

In perhaps his most famous novel, "A Personal Matter," written in 1964, the protagonist plots the murder of his infant son, who is born with severe brain damage, but finally realizes he must take responsibility for the child and embraces him. The influences on Mr. Oe's complex art range from Jean-Paul Sartre to Huckleberry Finn.

The Swedish Academy noted the "poetic force" of Mr. Oe's works, saying he "creates an imagined world where life and myth

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## East Asians Scold Europe For 'Incredible Arrogance'

By Michael Richardson

International Herald Tribune

SINGAPORE — Europe should put aside "arrogant" attitudes and fear of a competitive challenge from East Asia, the region's leaders said Thursday.

Prime Minister Mahathir bin Mohamad of Malaysia said that most of Europe still had to get rid of an attitude that "some will call incredible arrogance."

"The age of hegemony has not yet quite passed," he said. "It should die away. We should bury it."

Mr. Mahathir made his comments at a meeting of top officials and business executives from Asia and Europe. And despite some harsh rhetoric, East Asian leaders urged Europe to take advantage of the region's surging economic growth by increasing trade and investment.

While countries in the European Union have substantially increased trade with East Asia in recent years, they have lagged in investment, giving Japan and the United States a dominant position.

This worries many Asian leaders, who

want to avoid becoming dependent on any major economic power or region.

Lee Kuan Yew, Singapore's senior minister, said that if Europe added its economic weight to that of Japan and the United States, East Asia would have more freedom to maneuver.

"A tripod is better than a bipod," he said. "If we have only a predominance of Americans and Japanese, there isn't the same comfort as when you have three major sources of capital, technology, expertise and markets."

Noting that the World Bank had estimated that half the growth in the global economy in the next six years would come from East Asia alone, the European Commission recently called on policy-makers and businesses in Europe to give Asia a far higher emphasis and tap its booming markets.

EU exports to Asia reached 93 billion European Currency Units (\$75 billion) in 1993, from 15 billion in 1980.

But the Union's relative share of foreign direct investment in the region declined

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## Americans Are Eating More Broccoli (Now, Did You Know That?)

By Steven A. Holmes

New York Times Service

WASHINGTON — As a people, Americans are living longer, smoking less, spending more money on books, newspapers and magazines. Fewer of them are owning guns, and they are less likely to get a divorce and more likely to belong to a church. They are even eating more broccoli.

These are some of the highlights of the 1994 Statistical Abstract of the United States, a potpourri of facts compiled by the Census Bureau. The report, published annually since 1878, provides a snapshot of changes in American life during 20 or 30 years or more.

Coming in a political season in which candidates of both the left and the right are focusing on America's shortcomings, it is a portrait of a nation that is remarkably healthy.

"You look around and look through the Abstract and see what we own, what we've purchased, the size of our houses — on those issues there is clear and steady progress," said Ben J. Wattenberg, whose book, "The Good News Is the Bad News Is Wrong," asserts that the nation is in relatively good shape. "The idea that everything stinks, and the country is stagnant or in decline, is mostly bunk."

While many of the thousands of tables contained in the report present an overall rosy picture of the United States, others depict significant problems and a marked polarization between the comfortable lives of most people and the despair of those at the bottom.

Violent crime rates have remained steadily high, and the number of children born out of wedlock has increased by more than 200 percent from 1970 to 1991. Moreover, in what some economists and politicians say accounts in part for the sullen mood of the

electorate in a time of relative peace and prosperity, average hourly earnings and average weekly earnings as measured in constant 1982 dollars declined from 1980 to 1993.

But on some of the most basic measures of well-being, the news is good.

The report indicates that Americans born in 1992 will have an average life expectancy of 75.7 years, up from 70.8 years for those born in 1970. And infant mortality dropped to 8.5 per 1,000 live births in 1992, from 20 per 1,000 live births in 1970.

Per capita income measured in constant 1987 dollars increased to \$16,366 in 1993 from \$13,922 in 1980, and disposable income rose by nearly \$2,300 in that same period when inflation is taken into consideration.

The report also depicts a nation whose level of educational attainment is higher than it has ever been;

21.9 percent of Americans had completed four years of college in 1993, compared with 7.7 percent in 1960.

Perhaps as a result of the increasing level of education, the report indicates that the movement toward a less destructive lifestyle has taken hold. In 1974, for example, about half of those 12 to 17 years of age said they had tried cigarettes and alcohol. By 1992, those in the same age group who said they had tried smoking had dropped to 33.7 percent, while those saying they had sampled alcohol had declined to 39.3 percent.

Similarly, the Abstract indicates that Americans' consumption of red meat and eggs — two foods associated with stroke and heart disease — decreased markedly from 1970 to 1992.

Even broccoli, which nutritionists have long praised and former President George Bush has disparaged,

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Dow Jones	Tris Index
Up 14.80	Up 1.18%
8889.95	117.49

The Dollar	There's more	previous close
DM	1.5284	1.5408
Pound	1.5895	1.5822
Yen	99.395	98.76
FF	5.2405	5.274

Newsstand Prices	
Andorra.....9.00 FF	Luxembourg 60 L Fr
Antilles.....11.20 FF	Morocco.....12 Dh
Cambodia.....1.40 CFA	Norway.....8.00 Rils
Egypt.....9.00 P. 5000	Réunion.....11.20 FF
France.....9.00 FF	Saudi Arabia.....9.00 R
Gabon.....960 CFA	Senegal.....960 CFA
Greece.....300 Dr	Spain.....200 Ptas
Italy.....2,600 Lire	Tunisia.....1,000 Din
Ivory Coast.....1,120 CFA	Turkey.....T.L. 25,000
Jordan.....Y.D. 1.50	U.A.E.....8.50 Dirh
Labanon.....US\$ 1.50	U.S. MH. (Eur.) \$1.10



# Germany's Greens Fancy the Kingmaker Role

By Stephen Kinzer  
New York Times Service

BERLIN — Germany's environmentalist Green Party, which has languished for years on the fringes of power, is riding a wave of success, and its leaders hope to become kingmakers in Bonn after Sunday's elections.

For years the Greens relished their role as the joker in German politics, provocative and entertaining but rarely taken seriously. They believed there was something inherently immoral in seeking or holding power. But the shape of German politics has changed with the end of the Cold War, and the Greens have also changed. Their new leaders are not only more moderate than a decade ago, but unabashedly hungry for power.

Voters have responded favorably to the Greens' new pragmatism. Polls suggest that the party will emerge from Sunday's election as Germany's third strongest political force.

There is even a chance that the Greens could enter a governing coalition in Bonn for the first time. If they and the Social Democrats together win a majority of parliamentary seats on Sunday, unlikely but not impossible, they could form a "red-green" government that would mark a sharp break from the conservative 12-year rule of Chancellor Helmut Kohl.

But even if the Greens fail to reach that goal, Sunday's election will almost certainly make them a more important factor in German politics than before.

At their most recent convention, the Greens reaffirmed their support for strong environmental laws and women's rights. But they also clung to some of the radical foreign policy positions that have cost them votes, calling for sharp cuts in



Two cows, very likely supporters of the Green Party, find nourishment in consuming a Helmut Kohl poster in Germany.

military spending, withdrawal from the North Atlantic Treaty Organization and a ban on German participation in United Nations peacekeeping missions.

The party's top leaders, however, say they reject those positions. "People know that our conventions are a bit nutty," said Antje Vollmer, a party leader. "Things will be different if we become responsible for helping to govern the country."

The Greens have a reputation for incessant internal bickering. Now that its moderate leaders have defeated the radicals, the party is facing a new split, this time between the eastern and western parts of Germany.

Most of the party's support is in the West, and members from

the East complain that their issues and concerns have been ignored in the current campaign.

Despite this split, party leaders sense the potential for a breakthrough Sunday. The party's best-known figure, Joscha Fischer, has been cross-countrying the country appealing for votes.

The 46-year-old Mr. Fischer urges Germans to reject Mr. Kohl, whom he calls "a man of the past." He also pledges environmental reform and appeals for racial tolerance.

Mr. Fischer's history reflects that of his party. He is a former taxi driver who two decades ago was a member of a radical group called Revolutionary Struggle.

He served in Parliament in

the 1980s, but was not able to build a career in Bonn because of the Green Party's rotation policy, which requires most of the party's elected officials to leave office after one term. Later, after the Greens became part of the state government in Hesse, he was named environment minister, a post he still holds.

He has a credible record in Hesse, and at least some of those who scorned him and his comrades a decade ago can now imagine him as a senior official in Bonn.

Mr. Fischer has asserted that the Greens will enter a coalition with the Social Democrats only if the Social Democrats agree to close Germany's nuclear power plants and impose a highway speed limit.

Even if the Greens do not form part of the next government, they will in all likelihood press for these goals.

"I was never a Marxist, although I have always felt myself part of the anarchist tradition," Mr. Fischer said in an interview. "Utopian thinking can be fatal. Stalinism would have been impossible without the ideal of utopia, because you need to have an unbelievable moral certainty in order to kill people in the name of creating a better world."

The same moderation that has given him a political base, however, has earned him the scorn of many in his own party. "I have to live with the fact," he shrugged, "that 85 percent of the Greens think I'm a jerk."

## Ruble Crash Renews Fear For Reform In Russia

By Fred Hiatt  
Washington Post Service

MOSCOW — President Boris N. Yeltsin and his Russian compatriots are looking everywhere for scapegoats in this week's ruble crash, from the hapless acting finance minister to Western saboteurs.

But the currency's plunge and subsequent partial recovery Thursday have reopened a more fundamental question than who will get the sack next. The week's turbulence has raised doubts once again about whether the transition from communism to a free market can be gradual and relatively painless, as Mr. Yeltsin and his government have hoped for most of the past year.

The events also have highlighted the great uncertainty in Russia's future: whether such undeniably positive trends as awakening entrepreneurship and personal initiative can out-

run such negative ones as bureaucratic corruption and popular resentment. Can Russia's sapling democracy and free market put down strong enough roots quickly enough, that is, to withstand the winds of nationalist dictatorship?

By changing rules on the exchange market and intervening to sell dollars, the central bank managed Thursday to push the ruble dramatically back up, with its value rising from about 3,700 to about 3,000 to the dollar. But traders said they expect the ruble to slowly lose value beginning Friday or next week. The central bank's dollar reserves have fallen from an estimated \$7 billion this summer to \$2.45 billion on Oct. 1 to \$1.8 billion on Thursday, limiting its future maneuverability.

Despite the gloom of this week's instability, many observers remain optimistic. Russia has changed irreversibly in the past three years, with thousands of new, private businesses and millions of private-sector workers who do not want a return to the past. Foreign investors are looking to Russia as the next great emerging market.

Within a "confusing and rapidly evolving dynamic, often inscrutable from the outside," the U.S. ambassador, Thomas R. Pickering, said this week, there are "clear elements of order, of progress and of hope for the future."

Still, the fall of the ruble this week brought a cold shower of reality to the government's frequent boasts of having turned a corner in reform.

The government and Parliament, which have done little actively to promote reform this year, both began searching for villains. The Communist Party chief, Gennady Zyuganov, fingered "alien, nonnational capital," while Mr. Yeltsin's spokesman, Vyacheslav Kostikov, spoke of a "financial coup" by Communist-financed banks aiming "to remove the president and halt market reforms."

While speculation and central bank mistakes played a part, many economists agreed that the ruble's fall from 2,000 to the dollar in July to a low of 3,926 on "Black Tuesday" reflected more fundamental problems — in particular, the difficulty of nurturing a private sector in an environment that has moved only partly from the Soviet command economy.

In essence, the ruble is falling because Russia keeps printing money to prop up the inefficient economy it inherited. And the pressures to do so have hardly lessened in the past year.

The slowdown of reform takes a toll in another way, as well. Enterprises that remain largely state-owned have built up huge debts among themselves, as managers seek money away in dollar accounts instead of paying their workers or suppliers. These managers, who in the absence of a real free market have little incentive to pay their bills, can only gain as the ruble falls, while their creditors — including millions of Russian workers — can only lose.

## WORLD BRIEFS

### Sri Lanka Talks Held in Tamil Town

JAFFNA, Sri Lanka (Reuters) — Government and Tamil negotiators on Thursday held their first peace talks in this Tamil town. Previous talks about ending the 11-year civil war, in which more than 30,000 people have been killed, were held either in the Sri Lankan capital of Colombo or in neighboring India. "We discussed how to overcome economic problems and open a land route to transport food and other essentials to the Jaffna Peninsula," Karikalan, a leader of the Tamil rebel delegation, told reporters during a break in the meeting.

### 66 Killed in Crash of Iranian Plane

NICOSIA (AP) — An Iranian plane crashed in the mountains of central Iran, killing all 66 people on board, Tehran radio reported Thursday. The Asseman Airlines plane was en route to Tehran when it disappeared shortly after takeoff from Isfahan late Wednesday. Tehran radio, monitored in Cyprus, said searchers found the wreckage of the Fokker F-28 1000 Thursday in the Karkas mountains near Natanz, 100 kilometers (60 miles) north of Isfahan.

### Tokyo Paper Cites Illegal Donations

TOKYO (Reuters) — Forty-six members of Japan's Parliament took illegal donations from the construction industry during elections in July 1993, a newspaper reported on Thursday. Asahi Shimbun, in its lead story, said 46 legislators, including Transportation Minister Shizuka Kamei and a top opposition figure, Ichiro Ozawa, violated laws that forbid politicians to receive campaign funds from companies with government contracts. Most of the legislators contacted by the newspaper attributed the problem to bookkeeping errors or lack of awareness that the donations in question were illegal.

The newspaper said campaign-fund documents revealed that 100 companies that were engaged in government business gave a total of 62 million yen (\$620,000) to the 46 politicians. Its list of alleged violators included many of the leading lights of the power-sharing Liberal Democratic Party and a handful of figures from conservative opposition groups.

### Aid Flights to Sarajevo Begin Again

SARAJEVO, Bosnia-Herzegovina (AP) — Relief flights to Sarajevo resumed Thursday after having been called off Wednesday for the second time in a week because planes had been hit by gunfire. Heavy fighting was reported on several fronts, however. The airlift supplies about 80 percent of the aid reaching Sarajevo, where officials are worried about dwindling food stocks as the city prepares for a third winter under Serbian siege. Five planes were scheduled to land Thursday, said Peter Kessler, a United Nations aid official in Zagreb, Croatia.

Kris Janowski, a UN aid spokesman in Sarajevo, said efforts would be made to bring in 900 tons of food overland in the next several days to help offset losses caused by the airlift disruptions.

### Russians Fire Warning Shots at Ship

OSLO (Reuters) — A Russian military aircraft fired warning shots at a Norwegian trawler that apparently came too close to a Russian naval exercise in Arctic waters, Norwegian officials said on Thursday.

Bernt Aasboe, a shipowner, said the crew of the Staalbjørn told him the shots hit the water 50 meters in front of the bow in the incident on Wednesday off the Russian naval base of Murmansk. A Foreign Ministry spokesman said Norway was investigating and might seek an explanation from Russia. "As far as we know, this fishing boat went into a Russian zone legally," he said.

### Skinhead Jailed in Buchenwald Riot

WEIMAR, Germany (Reuters) — A court here on Thursday jailed a skinhead for 20 months and gave two others suspended sentences of 6 and 15 months each for rampaging through the former Buchenwald death camp. The three were among eight skinheads tried for chanting Nazi slogans, throwing stones and threatening to burn a supervisor to death at the Buchenwald memorial site on July 23.

Three of the others were warned and sent to a youth remand center for four weeks and two were acquitted. They had all been charged with a breach of the peace, threatening life, causing bodily harm and using banned Nazi symbols and slogans.

### A Foretaste of Italian General Strike

ROME (AP) — Italian journalists began a 24-hour walkout Thursday, the first step in a general strike called by unions to protest Prime Minister Silvio Berlusconi's economic austerity plan. Unions said that at least 3 million people would take part in demonstrations in 80 cities during the general strike Friday. The strike by journalists silenced news agencies and most television and radio newscasts and was intended to prevent newspapers from publishing Friday. Mr. Berlusconi's conservative coalition, seeking to control a \$100 billion deficit, has presented a budget plan to Parliament that would trim generous pension and welfare benefits.

### For the Record

A fire broke out at Moscow's Sheremetyevo-2 international airport terminal on Thursday, forcing officials to evacuate the building. There were no injuries, fire fighters said, and the fire was quickly put out. (Reuters)

## TRAVEL UPDATE

### SAS Cancels 200 European Flights

COPENHAGEN (AP) — A second day of wildcat strikes Thursday forced Scandinavian Airlines System to cancel 200 European flights to and from Copenhagen. SAS intercontinental and domestic flights, and other airlines, were not affected by the strike, which involved check-in personnel at Copenhagen's international airport.

The strikers were demanding the reinstatement of a union spokesman fired Tuesday. An airline spokesman said SAS was ready to take his case to arbitration.

United Airlines is dropping service to eight foreign cities. Losing service on Dec. 1 are Cabo San Lucas and Guadalajara, Mexico; Glasgow; Grand Cayman; Panama City, and Port of Spain, Trinidad. Athens will be dropped Jan. 4, and Geneva Jan. 9. (AP) The Cambodian government is looking for new investors to renovate the only major hotel serving the country's best-known tourist attraction, the Angkor temple complex, the tourism minister said Thursday. The ministry has repossessed the Grand Hotel d'Angkor in Siem Reap from Thai-owned SK Air, a news release said. (AP)

## Scientology Movement Assailed by German Leaders

By Craig R. Whitney  
New York Times Service

BONN — Leading members of the German government and opposition parties have attacked the American-based Scientology movement as a danger to democracy, and called on the next government to ban it.

The interior ministers of the 16 German states last spring called Scientology "an organization that combines elements of business crime and psychological terror against its own members with economic activities and sectarian traits, under the protective cover of a religious group."

On Tuesday, Renate Rennebach, a member of Parliament from the opposition Social Democratic Party, asserted that Scientology was not a religion but a conspiratorial movement with global political aims.

"At present Scientology is misusing international concern about right-wing

radical attacks in the Federal Republic to cause serious damage to the reputation of the country abroad, with an advertising campaign in influential American newspapers," Mrs. Rennebach said.

Full-page advertisements paid for by the British-based International Association of Scientologists appeared in The New York Times and The Washington Post last month. The advertisements recounted the rise of militant, right-wing violence against foreign asylum-seekers and immigrants in Germany since unification four years ago and said that "fascism is on the rise again, condoned and encouraged by the German government."

Labor Minister Norbert Blum denounced the advertisements Wednesday as a campaign of defamation against the German government, which has strongly condemned the attacks against foreigners and since 1992 has outlawed five

neo-Nazi parties that it maintained had inspired the attacks.

"Scientology is not a church or a religious organization," Mr. Blum said. "Scientology is a machine for manipulating human beings."

Asserting that the movement's real aims were political and transcended national boundaries, Mrs. Rennebach, her party's spokesman on sects, said the new German federal government that will be elected on Sunday should put the group under surveillance.

With an estimated two million members in Germany alone, Scientology has aroused considerable controversy since it first came here in 1970. It has been the focus of at least six books denouncing it for defrauding adherents of their savings, threatening opponents with violence and seeking to infiltrate companies and entire branches of commerce, such as commercial real estate, in major German cities.

Ursula Cabertha, who heads a department of the Hamburg state Ministry of the Interior that is devoted exclusively to dealing with complaints about Scientology, supported Mrs. Rennebach's call to outlaw the movement here and said the Hamburg authorities would pursue legal action against it all the way to the German supreme court.

"Scientology is by far the most dangerous and the most widespread of these psycho-technical groups," she said. "Scientologist documents made available by Mrs. Rennebach Wednesday included one titled 'Call-to-Arms Germany,' which complained of bomb threats and violence against Scientology churches. 'We can prove beyond any doubt that this is the exact same pattern which was used to start the hate campaign against the Jewish people in 1935,' said the document, signed by Klaus Buchele, from the group's office of special affairs."

## Channel Tunnel: Visionary Idea, but Drab Reality

By John Darnton  
New York Times Service

FOLKESTONE, England — For a project that has stirred the imagination of daydreaming engineers and other armchair visionaries for almost two centuries, the opening of the Channel Tunnel has been something of an anticlimax.

It has happened so gradually that it may be hard for historians to pinpoint the exact moment when Britain became joined, psychologically, to the mainland. Significantly, the mainland is still called "Europe" here, as if Britain were a continent apart, which of course in many ways it is.

The tunnel trip itself, a 35-minute journey on a specially designed train, hurtling through darkness at 145 kilometers an hour, (90 miles an hour) is uneventfully smooth and uneventful. That is just what Eurotunnel, the outfit that operates the trains, wants it to be.

"So far, so good," said Judy Campbell, cautiously. She was

halfway along the 50-kilometer trip on an exploratory test run. Above her was the metal skin of the train, the prefabricated concrete lining of the tunnel, about 45 meters of chalk marl seabed, and the English Channel.

"I was skeptical. I don't like tunnels, claustrophobia and all that. But this is not too bad." She stood with her husband, Donald, and her daughter, Helen, next to their parked car inside a gray-and-white double-decker train carriage.

The upper section where they were riding was a little more than two meters in height. It had yellow handrails, a narrow toilet, surveillance cameras, an alarm button, nine small windows, and red electric signs with messages like "arrival soon" in three languages.

"It's just like being in a tube," ventured Helen, 25.

The family got an early glimpse of the future because Mr. Campbell, a project engineer from Essex, invested in Eurotunnel and then signed up

for one of the many precommercial trial runs called "The Overture."

He pronounced himself happy about the trip, though not so happy about the shares he bought years ago at £12 each, or \$19 at current rates. A long history of delays, cost overruns, refinancings and negative press coverage has sent the stock to a low of 250 pence, or about \$4.

[The shares were under new pressure Thursday after reports that the company will miss its revenue targets and may need to raise more funds in the short-to-medium term, Agence France-Presse reported.]

Fans of the Channel Tunnel can pile on the superlatives. It is the first link between Britain and mainland Europe since the Ice Age, the largest civil engineering project ever undertaken by private enterprise, the longest submarine tunnel in the world. But that sense of breathlessness has not carried over to the events on the ground, or rather, under the ground.

What was planned as a headline-grabbing ribbon-cutting ceremony last May — when Queen Elizabeth II and President Francois Mitterrand rode trains back and forth to click champagne glasses on both sides — fizzled because the tunnel was not ready for commercial service. It was like christening a slick new ocean liner only to watch it glide down the slip and disappear into dry dock.

But now the tunnel is ready. There are two separate services, both expected to be operational by mid-November.

One is the passenger service on the high-speed Eurostar line, running between London and Paris in three hours and London and Brussels, 15 minutes longer. The other is a shuttle service for cars and their passengers between Folkestone and Calais. Cars cannot drive through the tunnel.

Fares have not yet been announced for the next season, though the price for Eurostar is expected to be competitive with the airlines and the cost for the cars will be roughly close to what the ferries charge.

The Eurostar trains have been playing the tracks between the capitals since August, carrying staff members. The car service, called by the macaronic Le Shuttle — the pure French version, La Navette, lost out — has

been under way for shareholders and bigwigs for some time.

The freight service, in which truck drivers load their rigs onto specially designed steel-rimmed railroad cars and then gather in a forward cabin for a quick hot meal, has been up and running since July.

British truck drivers have complained about the high quality of the Continental cuisine, so Eurotunnel is planning to introduce what its public affairs department calls "bad food, consisting of greasy chips and steak and kidney pies."

About 350 trucks a day choose the train shuttle over the ferries.

On the British side cars drive aboard double-decker train carriages. Once the cars are loaded — five to a carriage — shutters descend to separate carriages and act as fire barriers. They have doors so that, in theory, a passenger can wander the length of the train, though there is little incentive to do so.

The good news is that it is over so quickly; a recent trip took 41 minutes one way and 38 minutes the other. The bad news is that one travels the entire journey, from the landward side of Castle Hill to the pylon-crossed plain of Pas-de-Calais, without spotting a single drop of water.

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## THE AMERICAS / THE DELAWARE SEAT

## ★ POLITICAL NOTES ★

## What's Next for Health Plan Architect?

WASHINGTON — As the White House regroups to devise health care proposals for the next Congress, a dispute has broken out within the administration over the future role of Ira Magaziner, the chief architect of President Bill Clinton's ill-fated health plan.

Leon E. Panetta, the White House chief of staff, has been discussing ideas for a new policy-making process in which Mr. Magaziner's responsibilities would be reduced. But administration officials said Mr. Magaziner was lobbying to keep his portfolio, with some support from one extremely influential patron, Hillary Rodham Clinton.

Mr. Magaziner supervised a beehive of more than 500 people who developed Mr. Clinton's health plan last year. And as the battle over health care played out, he puzzled many Washingtonians. In public speeches, Mr. Magaziner, a soft-spoken Rhodes scholar, seemed diffident and self-effacing. But co-workers, members of Congress and lobbyists said he could also be intellectually arrogant.

A business-strategy consultant in Rhode Island before he joined the White House staff in January 1993, Mr. Magaziner described himself as an outsider with no experience in Washington. Many people agreed with him after seeing the complex health plan he drew up. Indeed, he was said to lack a sense of what was politically possible.

Under the arrangement Mr. Panetta is considering, health care proposals would be developed through a more conventional process managed by the National Economic Council and the Domestic Policy Council, with a larger role for people who have more experience in Washington.

Mr. Magaziner could be involved in the process, White House officials said, but would not necessarily have a central role.

One senior administration official eager to reduce Mr. Magaziner's role said: "He's a symbol of what went wrong. That may be unfair, but it's a fact." (NYT)

## Republicans Get Heat in Democrats' Ads

WASHINGTON — The Democratic National Committee has announced a \$2 million advertising campaign that portrays Republican candidates as intent on tax cuts for the rich, huge new spending for the Pentagon and "devastating cuts in Medicare."

The campaign reflects an effort by Democrats to turn the "contract with America," a list of promises embraced by Republican candidates for Congress this month, into a liability in the final weeks of the fall election campaign.

In a statement announcing the advertising campaign, David Wilhelm, chairman of the Democratic National Committee, said, "The American people should know the Republicans are proposing a return to Reaganomics."

The announcement came amid a new sign of a rising Republican tide in November. A poll made public Wednesday found that most Americans were inclined to vote for a Republican candidate for Congress this fall.

The poll, by the Times Mirror Center for the People and the Press, found that 52 percent of registered voters nationwide said they would vote for a Republican and 40 percent said they would choose a Democrat. (WP)

## Discomfort Over Legal Fund for Clintons

WASHINGTON — The White House counsel, Abner J. Mikva, says he is "uncomfortable" with the idea of Mr. Clinton's legal defense fund and wants to review the structure of the fund to see if more can be done to reduce public concerns about it.

Speaking at a breakfast with reporters, Mr. Mikva said that he did not "totally approve" of the concept of soliciting funds to help the Clintons pay their legal bills for Whitewater and the Paula Corbin Jones lawsuit. But he said he could not see a practical alternative that would allow the Clintons to handle bills that could run into the millions.

"It is an uncomfortable situation," Mr. Mikva said. "I'm uncomfortable. I expect the president is uncomfortable." But he said the Clintons are not wealthy enough to pay the bills themselves, and that ethical questions could be raised if the legal services were provided free of charge.

Given those constraints, Mr. Mikva said, "We're trying to insulate it as much as possible to avoid the appearance question." He said that he wants "to make sure it is perceived and treated as a private fund." (WP)

## Quote/Unquote

Senator Phil Gramm, Republican of Texas and chairman of the National Republican Senatorial Committee, after a meeting with representatives of about 60 political action committees in which he pleaded for contributions: "The message was, if you want to change America, get on board." (WP)

## Away From Politics

• The decommissioning of the Shoreham nuclear power plant in Long Island, New York, has been completed, and all radioactive material has been removed, Richard Kessel, chairman of the Long Island Power Authority, announced.

• Theodore Briscoe, a Los Angeles policeman who was fired despite being acquitted three times of wrongdoing in the Rodney King beating, has sued the city, claiming it hung him "out to dry." He said he was being punished for breaking a "code of silence."

• Two Marines were killed and 12 others were injured in a land-mine explosion at a firing range at the army's Fort A.P. Hill in Virginia.

• The Teachers Union has filed civil-rights charges against a Walt Disney World hotel in Orlando, Florida, charging that its "English only" policies discriminated against the hotel's Haitian and Hispanic housekeeping and laundry workers.

• Elevated levels of plutonium have been detected in a public park adjacent to an elementary school in Livermore, California, near the Lawrence Livermore National Laboratory, according to the Environmental Protection Agency.

• A judge has refused to order 3,800 Denver public school teachers back to work, ruling they have a right to strike. The teachers walked off the job on Monday.

AP, Reuters, WP, NYT

## Quirky Campaign for Senate

## Democrat Plays the Outsider to Buck Trend

By Katharine Q. Seelye

New York Times Service

WILMINGTON, Delaware — This tiny state, with barely enough voters to fill a Chicago precinct, could play a role next month in determining the balance of power in a closely divided U.S. Senate. Contrary to the national trend in this volatile election year, however, it is the Republican incumbent who may be vulnerable.

Senator William V. Roth Jr., 73, who is seeking a fifth term, is being challenged by the state attorney general, Charles M. Obery 3d, 47. With less than a month before the Nov. 8 election, polls show Mr. Roth ahead but Mr. Obery gaining.

Mr. Roth is already Delaware's longest-serving statewide official, and the state's somewhat conservative voters have historically let their incumbents decide for themselves when their time is up.

But Democrats in Washington, fearful of losing their majority in the upper chamber in what could be a big Republican year, are looking to Mr. Obery as one Democrat who might buck the trend.

Mr. Obery, a short, pugilistic powerhouse of energy with a deserved reputation for independence, has mounted an aggressive campaign. With his record as a crime fighter, his pledge to serve no more than two terms and his support for the notion of giving the president the line-item veto, he boasts the kind of profile found more often among up-and-coming, law-and-order Republicans.

So far Mr. Roth, a soft-spoken, slightly built politician, whose most prominent moment in the Senate came more than a decade ago with the Kemp-Roth tax cut proposal, has played into his opponent's hands.

Never perceived as the most articulate member of the Senate, he has recently been criticized by local news organizations for verbal misuses and memory lapses. He has refused to debate his challenger on television and has appeared with him on only three occasions.

Mr. Roth prefers to campaign the old-fashioned way, at small events, one voter at a time. In the absence of a major media market, campaigns here play out intimately, door to door, hand to hand.

At a bowling alley in Wilmington one night recently, Lou Bullock, who has voted for Mr. Roth in the past, greeted him warmly but said later: "He's been in too long. Obery is

young and energetic, and I think he should win."

Still, Mr. Roth may not be as vulnerable as the Democrats hope.

"If Roth was a Democrat and an incumbent and the same age, I'd say he had three strikes against him," said Samuel B. Hoff, a political scientist at Delaware State University at Dover. "But I think the anti-Democratic surge will be stronger than the anti-incumbent surge."

Mayor George Loebe of Delaware City, a Democrat, said he planned to vote for Mr. Roth. "I don't think we should throw everybody out just because we're frustrated," he said.

The candidates' third and final joint appearance, which took place in Milford, reflected the tone and content of the campaign.

In his low-key manner, Mr. Roth said his work in helping to streamline government, cut taxes and protect Delaware's important credit-card industry had just begun. "Now is no time for on-the-job training in Washington," he said.

Mr. Obery came out swinging, first by reciting his résumé: He is the first attorney general to be elected three times, and he has successfully prosecuted several high-profile criminal cases as well as public officials of both parties. Then he denounced Mr. Roth for failing to engage in live television debates.

"The greatest problem with our government today," he declared, "is the very seniority and longevity" represented by Mr. Roth. Washington, he said, has "more experience than we've ever had, but we get less done."

Later, at the Rotary Club in Wilmington, Mr. Obery pointed out that when Mr. Roth was first elected to the Senate in 1970, he called for a constitutional amendment to force senators to retire at age 65. When that failed, he said, the senator introduced the idea that they retire at 70.

Mr. Roth said in an interview that he had called for mandatory retirement "in the folly of my youth."

"Now," he added, "we all agree that a person should not be discriminated against on the basis of age."

It is unclear whether Mr. Obery's attacks on Mr. Roth are making much difference. Mr. Roth says Mr. Obery does not address the big issues like health care, which voters care about.

Indeed, the Roth campaign is broadcasting a radio commercial that accuses Mr. Obery of negative campaigning. "Charlie is acting like a desperate politician," the ad says. "Make no mistake about it. Power and experience are the real issues. And Charlie just doesn't have any."

## CIA Chief Jettisons 2 in Ames Epilogue

By Tim Weiner

New York Times Service

WASHINGTON — In another embarrassing epilogue to the Aldrich-Hazen Ames espionage case, the director of central intelligence, R. James Woolsey, has removed two senior officials for giving an award to a colleague only hours after Mr. Woolsey had reprimanded him for having failed to oversee Mr. Ames.

The two officials were the CIA's associate deputy director of operations, John McGaffin, and the Near East operations chief, Frank Anderson. They retired after Mr. Woolsey reprimanded them last week.

Two weeks ago they gave Milton Bearden, the agency's station chief in Bonn, an award for outstanding work during the 1980s. The day before, Mr. Bearden had been reprimanded by Mr. Woolsey for "very serious" failures in the case of Mr. Ames, Moscow's "mole" inside the Central Intelligence Agency from 1985 to 1994.

Senior staff members of the congressional committees that oversee the CIA noted that the punishments against the two men were more severe than any meted out in the Ames case itself. They also noted that the award to Mr. Bearden might signify disrespect within the CIA for Mr. Woolsey.

On Sept. 28, Mr. Woolsey announced that 11 senior officials would receive official reprimands in the Ames case, although no one was fired or demoted. He said that Mr. Ames's activities had gone undetected because of "a systemic failure of the CIA — and most significantly, of the directorate of operations — a failure in management accountability, in judgment, in vigilance."

As a result, at least 10 double

## Simpson Case Losing Its Pull With Citizens

The Associated Press

WASHINGTON — Americans are more interested in news of Haiti, Iraq and Congress than the O.J. Simpson murder case, according to a new poll.

The proportion of Americans who are following the trial "very closely" has dropped to 25 percent, from 48 percent in June and 30 percent in September, according to the survey by the Times Mirror Center for the People & the Press.

The survey found that only 53 percent of those asked knew Mr. Simpson did not face the death penalty if convicted.

By contrast, 61 percent knew Congress passed a crime bill this year and 58 percent were aware it failed to pass health care reform.

A total of 38 percent said they were following the U.S. intervention in Haiti very closely.

## U.S. Agrees to Bar Cancer-Tied Pesticides

New York Times Service

WASHINGTON — In a step that could eventually halt the use of dozens of common pesticides on major crops, the Environmental Protection Agency has settled a lawsuit demanding that it eliminate possible cancer-causing residues from processed foods.

Under a tentative agreement announced Wednesday, the agency proposed to move against as many as 36 pesticides within two years. These pesticides have previously been

found to cause cancer in animals, but have nonetheless been allowed as residues in foods like juices and canned vegetables, where the pesticides can concentrate at higher levels than on raw crops.

Even more pesticides could be prohibited later, after further study.

The chemicals include some of the most widely used, like alachlor, a herbicide used on peanuts and soybeans, and captan, a fungicide used on grapes, plums and tomatoes.



A Haitian police trainee learning how to salute from a U. S. Justice Department instructor.

## Generals Go to Gilt-Edged Exile

## Freed Assets, Wealth and Rentals Ease Haitian Departure

By Douglas Farah

Washington Post Service

PORT-AU-PRINCE, Haiti — In a move that will cushion the exile of Haiti's former military leader, Lieutenant General Raoul Cédras, who reportedly amassed a fortune during his three years in power, the United States agreed to rent three properties that will yield him thousands of dollars a month in income, U.S. officials said Thursday.

General Cédras, his former chief of staff, Brigadier General Philippe Biamby, and the Cédras family left Haiti early Thursday, flying in a U.S.-provided jet into what is expected to be a luxurious exile in Panama.

Family friends speculated that General Cédras would end up in Spain, where the family owns other properties.

U.S. soldiers loaded massive amounts of luggage onto the aircraft while the two former leaders and their entourage mounted the stairs to the plane, never pausing to look back.

Another U.S.-provided jet flew 23 "relatives and associates" of the two to Miami, said the U.S. Embassy spokesman, Stanley Schrager. "After a review by the departments of State and Justice, they were paroled into the United States by the attorney general," he said.

[The White House press secretary, Dee Dee Myers, said that the two deposed generals "will not be allowed to come to the United States, ever." The Associated Press reported from Washington.]

The departure of the two men clears the way for the return to Haiti on Saturday of the man they overthrew in 1991, President Jean-Bertrand Aristide.

While General Cédras is renting his properties to the United States, the former police chief, Lieutenant Colonel Joseph Michel François, the third of the military leaders now in exile, has rented his Haitian home out as a residence for officials from the Dominican Republic, diplomatic sources said. Colonel François went last week to the Dominican Republic, where he has extensive business holdings.

General Biamby, who lived more austere than his two colleagues, does not own a home. In Washington, Ms. Myers also announced that the assets of the military leaders, frozen in most countries for the last year, would be released.

"We've always envisioned that when Aristide returns that all the sanctions, including the sanctions on assets, would be lifted," she said.

Mr. Schrager said the United States had, in order to get the generals out of the country before Father Aristide returned, agreed to rent three Cédras properties.

The properties, worth hundreds of thousands of dollars, were acquired at a time when the general's salary was about \$900 a month. Colonel François built homes and businesses when his salary never exceeded \$500 a month.

Diplomats close to the negotiations said the rental agreements were a last-minute demand, and haggling over the details delayed the departures by several hours.

"The rental will be determined at fair market value and the property will be used by U.S. personnel in Haiti or subject to other tenants," Mr. Schrager said. The main home, at market value, would rent for about \$5,000 a month, as would the beach front home. The third house would normally rent for about \$2,000.

Diplomatic sources familiar with the deal said General Cédras's wife, Yannick, led the negotiations and set the terms, concerned not only about the price of the rentals, but demanding that the houses be protected against possible destruction by angry crowds.

All three men amassed large fortunes from their time in power by controlling basic products whose value soared because of international embargoes placed on the nation.

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Arnaud De Meyer, Executive Director

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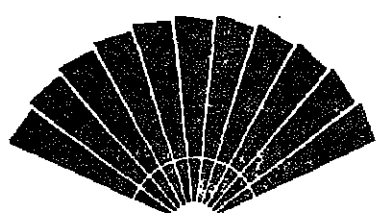
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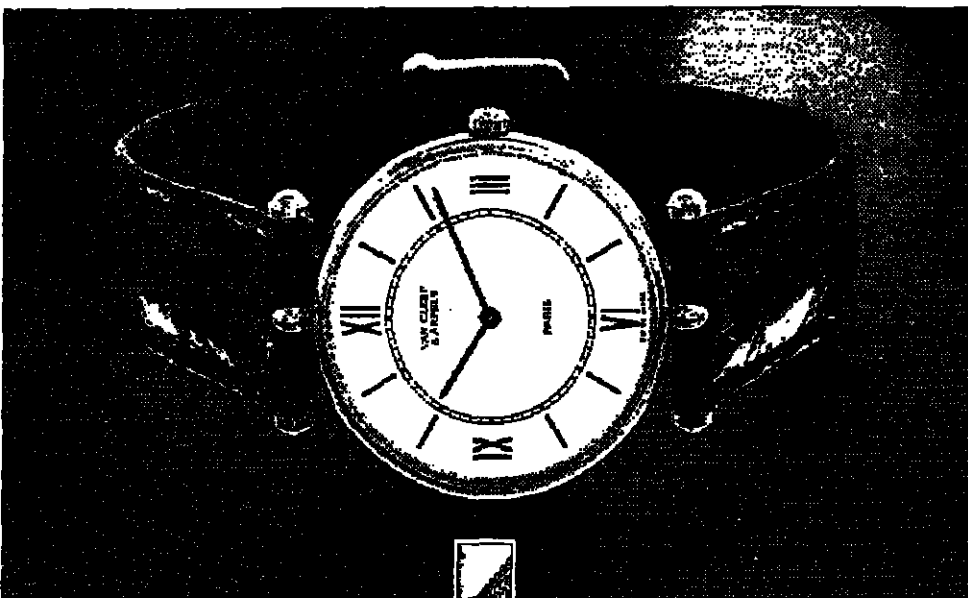
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**AFLOAT IN VIETNAM** — At least 180 people have died, and the rice crop has been damaged in the Mekong Delta's worst flooding in 16 years.

## North Korea Talks Flounder Hopes for an Accord Fade as Experts Wrangle

Compiled by Our Staff From Dispatches

GENEVA — Hopes for an imminent conclusion to nuclear talks between the United States and North Korea faded Thursday, as experts from the two sides continued to wrestle with technical issues.

The outcome of the expert discussions, which were continuing Thursday evening, is expected to determine whether chief negotiators will be able to meet to wrap up the talks.

But a Thursday meeting between the two heads of delegations looked unlikely, officials said.

The talks are aimed at resolving an international dispute over North Korea's suspected nuclear weapons program, but they have been deadlocked for the past three weeks.

In Seoul, a South Korean politician said the United States had offered major new concessions that would allow Pyongyang five years before accepting full checks from international inspectors at all its suspected nuclear sites.

Lee Sei Kee of South Korea's governing Democratic Liberal Party said Washington had also agreed that construction of a new, internationally financed

light-water nuclear reactor to replace North Korea's current graphite technology would begin before the sites were inspected.

Mr. Lee gave no source for his information, but Washington has kept Seoul abreast of the negotiations. The Democratic Liberals' leader, President Kim Young Sam, has expressed fears Washington might accept a "dangerous" compromise.

The apparent U.S. climb-down could touch off new frictions with South Korea, already unhappy at what it considers Washington's conciliatory stance with the North.

Signs appeared late Tuesday that the two sides may be close to a breakthrough.

A spokesman for North Korea's Foreign Ministry told reporters that progress had been made on some points.

The chief U.S. negotiator, Robert L. Gallucci, said any progress would depend on the outcome of the expert level talks.

A broad agreement between the two sides was reached in August after North Korea agreed to open up its nuclear facilities in return for closer

diplomatic ties with the United States and technical aid to replace its outdated nuclear plants.

But Pyongyang is balking at allowing inspectors into two crucial sites that it says are military-related and out of bounds.

The West suspects the sites contain evidence that North Korea has been developing nuclear weapons. It is insisting on verification.

Another sticking point is the future of 8,000 spent nuclear rods in a cooling pond north of Pyongyang.

The United States fears that reprocessing the rods could yield enough plutonium for five nuclear bombs.

President Kim said earlier this week that he did not believe the North had actually yet produced nuclear weapons, but thought it was using the implicit threat to try to squeeze concessions in Geneva. (AP, Reuters)

**Li Peng to Visit South Korea**

SEOUL — Prime Minister Li Peng of China will visit South Korea at the end of October, a presidential spokesman said Thursday.

## Myopia Operation Has Mixed Results

By Warren E. Leary  
New York Times Service

WASHINGTON — A 10-year study of an increasingly popular surgical technique used to correct poor distance vision shows that the method is reasonably safe and effective but that it may lead to an accelerated decline in the ability to see things up close.

The study, the longest and most detailed on the aftermath of the surgical procedure, radial keratotomy, concludes that it can have long-term benefits in correcting myopia, a common condition in which light from a distant object focuses in front of the retina, producing blurred images.

But a previously little-known effect of the surgery — gradual changes in the eye that result in progressively fuzzier near vision — should be a consideration in deciding whether to have the operation, the study concluded.

The study, sponsored by the National Eye Institute, one of the National Institutes of Health, determined that the surgery "had a reasonable margin of safety."

"Vision-threatening complications were rare," said the report, compiled by researchers at nine medical centers and published in the Archives of Ophthalmology.

Radial keratotomy is a procedure in which spoke-like slits are cut into the surface of the cornea, the clear, curved covering of the eye. As the cuts heal, the cornea flattens and redirects light rays so that they fall properly on the light-sensitive retina.

Experts estimate that the procedure is performed on more than 250,000 people a year in the United States.

The study said that in only 3 percent of cases was distance vision worse than before the surgery and that this worsening was generally small and correctable with glasses.

The study found that 10 years after surgery, 58 percent of patients needed some correction by glasses or contact lenses, for near or distance vision, at least some of the time.

Part of this need for corrected vision was due to aging, in particular the decline in close-up vision that commonly develops after 40, the researchers concluded. But some of it, they said, appeared to be attributable to the radial keratotomy procedure, which seemed to cause the change in some people at an earlier age.

## China Says Military Ties With U.S. Will Increase

Compiled by Our Staff From Dispatches

BEIJING — China expects military exchanges with the United States to increase and sees Defense Secretary William J. Perry's visit as a chance to improve overall relations, a Foreign Ministry spokesman said Thursday.

"We hold a positive attitude to the development of relations between the two armed forces," said the spokesman, Chen Jian.

Mr. Perry is to arrive in Beijing on Sunday after a visit to the Gulf for talks with leaders in Saudi Arabia and Kuwait.

Military relations between China and the United States have resumed and will "gradually increase," Mr. Chen said, noting that high-ranking Chinese military leaders recently visited Washington.

Mr. Chen told reporters that overall Chinese-U.S. relations were "at a critical juncture," and that Mr. Perry's visit would be an opportunity to improve them. He suggested there were "challenges to be faced" but did not elaborate.

China plans to discuss military cooperation and exchanges during Mr. Perry's visit, Mr. Chen said. He declined to say what specific bilateral issues would be discussed.

A U.S. official said earlier this week that the topics would include weapons proliferation, nuclear weapons testing and relations with North Korea. The United States also seeks more openness on such issues as weapons modernization and military budgets.

Mr. Chen also reiterated Thursday that China's senior leader, Deng Xiaoping, 90, was in good health and that recent foreign press reports that his condition had seriously deteriorated were unfounded.

Mr. Deng's younger sister was quoted by an official newspaper as saying he attended a Beijing fireworks display with her on the Oct. 1 National Day.

Rumors about Mr. Deng's health have proliferated in recent weeks. (AP, Reuters)

## Mexican Suspect Implicates Legislators in Murder Plots

Los Angeles Times Service

MEXICO CITY — An accused conspirator has told investigators that federal legislators plotted the Sept. 25 assassination of the second-ranking official in Mexico's ruling party and planned to kill a former party chairman and other politicians.

Fernando Rodriguez González, an aide to Congressman Manuel Muñoz Rocha, told the police that his boss belonged to two political groups whose purpose was to eliminate political reformers, "without regard to what means had to be used to achieve that," according to a statement from the attorney general's office. Mr. Muñoz Rocha is a fugitive from justice.

The hit list included Fernando Ortiz Arana, former chairman of the Institutional Revo-

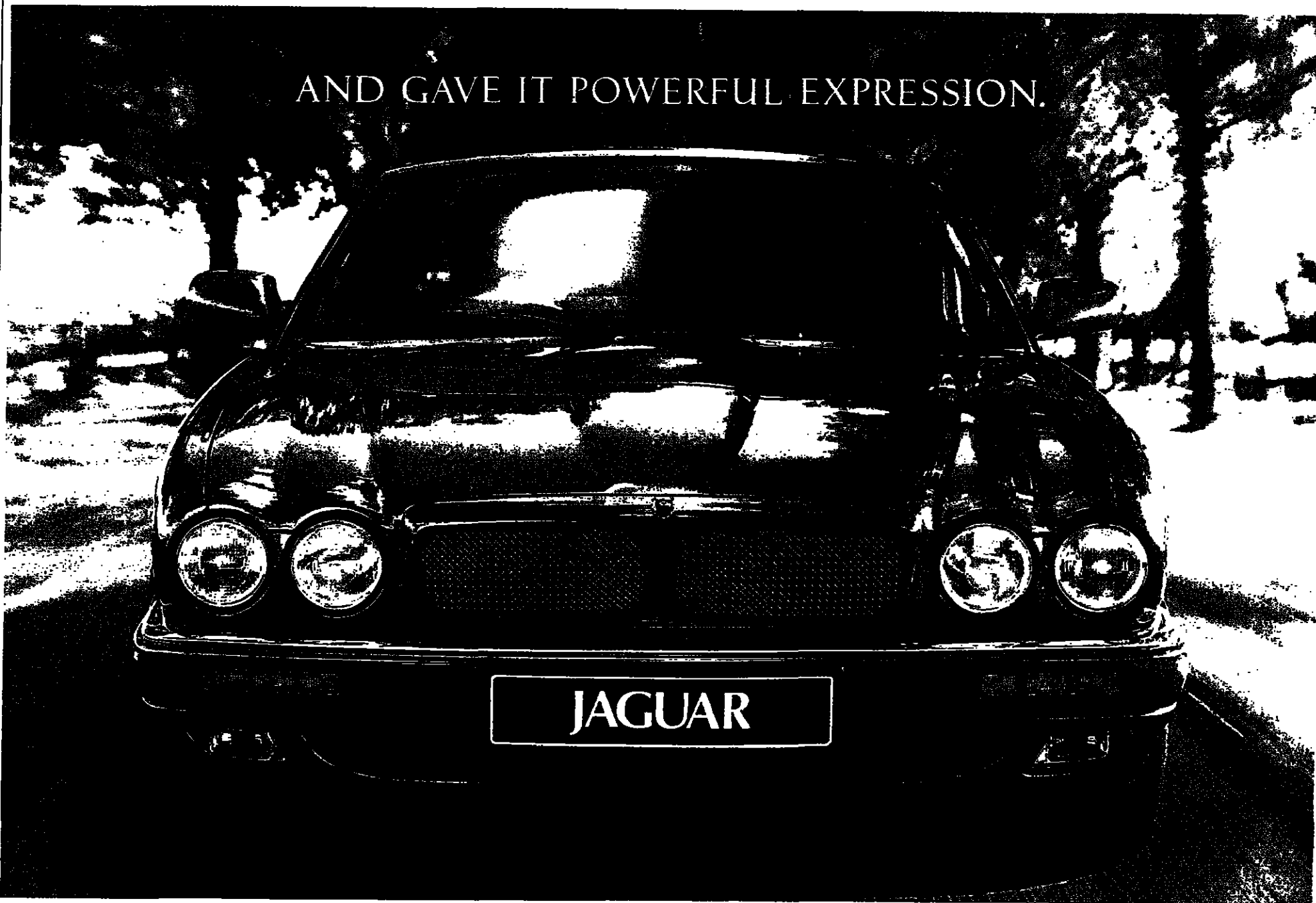
lutionary Party, which has governed Mexico for 65 years; Governor Manuel Cavazos Lerma of the state of Tamaulipas; Congresswoman Laura Alicia Garza Galino, head of the Tamaulipas legislative delegation, as well as the slain man, José Francisco Ruiz Massieu.

Mr. Rodriguez González told the police, according to the statement, that one of the two political groups consisted of members of the Federal Chamber of Deputies, the lower house of Congress, and that the other was led by Senator Enrique Cárdenas González. Mr. Cárdenas González complained to the attorney general's office last week that he was being slandered when other suspects accused him of involvement in the alleged assassination plot.

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# Herald Tribune

Published With The New York Times and The Washington Post

## It's Late in Algeria

The clock ticks on in Algeria, and the ticking grows louder and faster. On Monday this week came the assassination of the 19th Frenchman to die in the war between Islamic guerrillas and the military dictatorship; on Wednesday five car bombs in Algiers and the war's 64th foreign victim, a South Korean; on Thursday an estimate that the death toll among Algerians themselves, not long ago 200 a month, may now be well over 400 a week. This is what happens when the logic of events takes its grip.

In a bid to deflect that logic, Algeria's military regime—with the backing of the French government—is now trying to negotiate with some of the milder members of the Islamic Salvation Front.

As well as the fanatically anti-democratic and anti-Western sort, there is a less extreme faction among the Islamists. If Algeria's rulers had attempted to deal with them in January 1992, that month's election might not have been canceled, a relatively moderate (and honestly elected) Islamic government might have come to power, and perhaps an increasingly savage civil war would have been prevented.

As it is, the mistake was made and the blood that has been shed since then has eaten away much of the willingness to compromise, on both sides. This is why, by late 1994, negotiation has such a slender chance of success.

It will be very difficult for President Liamine Zouari to get the hard-liners in his army—the "eradicators"—to accept a revival of the election they killed 33 months ago. That would be humiliation. Worse, these officers will correctly say, an election now would produce a more explosive result than an election in 1992 would have done, because the presumably victorious Islamists have meantime

grown angrier and more intransigent. No longer, the eradicators will say, tapping their holsters.

But it will be even harder for the Islamist leaders to accept what President Zouari wants. Algeria's military regime, again with France's backing, seems to be hoping that its adversaries will settle for a power-sharing deal without any firm promise of an election. The hard-liners on the other side will correctly say that this would mean giving up what the guerrillas have been fighting for since 1992. That, too, is humiliation. Election or else, these people will say, fingering their own holsters.

On this knife edge the hope of a negotiated settlement teeters. If an agreement is not reached fairly soon—say, by the end of the year—there will probably never be an agreement. And then the prognosis is grimly.

It is now almost inconceivable that the army can decisively beat the guerrillas. But the army, with its near-monopoly of heavy weapons, will not itself be easily mopped up. This points to a prolonged war of attrition in which Algeria may break up into rebel-held zones and army-controlled ones. This would tempt the Berbers—the amiably Muslim, non-Arab quarter of the population, with its own language and its own mountainous homeland in eastern Algeria—to cry a plague on both militant Islam and dictatorial soldiers.

Out of this disintegrating Algeria emerges the danger, for Europe, of a wave of refugees and of an implacably hostile Islamic power on the other side of the Mediterranean. The clock has not quite reached midnight. Before it does, the European Union must try to prevent Algeria's generals from making bad even worse.

INTERNATIONAL HERALD TRIBUNE.

## From the Ruble's Rubble

President Boris Yeltsin, after a stunning 25 percent drop in the value of the ruble on Tuesday and only a small recovery on Wednesday, dismissed his finance minister and demanded that Parliament fire the head of the Russian central bank. But Russia needs to do more than sack a few officials. The currency debacle has been months in the making. To keep its drive to free markets from stalling, Russia needs to turn its policies around, with help from the West.

Recently, the Russian economy has looked O.K. Inflation fell from 20 percent per month to 4 percent. The deficit, though large, was set at respectable levels. Stores have been stocked with plenty of goods. But the favorable signs masked problems waiting to explode.

Inflation fell because the central bank drove interest rates to impossibly high levels that, left alone, would have crushed economic activity. The bank relented this summer, flooding the market with new rubles in an effort to bring rates lower. That in turn triggered inflation. Meanwhile, bankrupt enterprises borrowed massively from each other—staying alive until the government bailed them out. Which is just what it did during the past few months, pumping rubles into agriculture and other sectors. That, too, had an inflationary effect, and the value of the ruble fell.

Events came to a climax this week when traders, realizing that the central bank had spent most of its dollar reserves vainly trying to prop up the ruble, dumped more rubles onto the market.

Mr. Yeltsin has one overriding economic task: to stabilize the ruble. Markets cannot thrive if people refuse to hold currency because its value disintegrates in their hands.

He took the first step on Wednesday—dismissing officials who debased the currency. The next step is to separate the central bank from the government and to dedicate monetary policy to the mission of stabilizing the exchange rate of the ruble. That means that the government could no longer print new rubles when it ran huge deficits.

Here is where the West has a crucial role to play. It needs to give Russia access to loans to help pay some of the government's bills, thereby removing some of the need to print rubles. Of course, the loans would be conditioned on Russian pledges to limit deficits to sustainable levels.

The West also needs to provide dollars for stabilization fund, so that traders know that Russia has reserves to stabilize the ruble. If reform works, Russians will hold rubles and the stabilization fund will not be touched—which is what happened in Poland when the West helped it get market reform under way.

Russia also needs to create a credible tax system that not only raises revenue but assures domestic and foreign investors alike that the system is fair and predictable. Foreigners also need clearer and less restrictive corporate and labor codes. Finally, Moscow must provide easier bankruptcy procedures to stop the hemorrhage of rubles from government coffers to worthless companies.

Russia's choice is this: It can undertake these reforms, or revert to form and try to solve problems by government fiat. With modest help from the West, the temporary pain of market reform need not be severe as Moscow lays the foundation for a sounder, more vibrant economic future.

—THE NEW YORK TIMES.

## Reform Is Up to Ukraine

Ukraine, deeply divided, still has not fully made up its mind about economic reform. Its president, Leonid Kuchma, this week urged Parliament to relax controls and let the country move toward open markets. But the Parliament has resisted. The West has been offering substantial aid, but most of it will have to depend on progress toward better policy.

Ukraine has fallen into dangerous circumstances. It cannot retreat into communism, but it has not been able to agree to move toward privatization. Meanwhile, its economy and living standard decline.

The trouble isn't a lack of democracy. Both branches of the government are elected. But the country is operating under its old Soviet constitution—a continuing source of weakness.

The deeper question is whether Ukraine can hold together. Its western region, which speaks Ukrainian, tends to look toward Western Europe and to support Mr. Kuchma's plans for rebuilding the economy. The eastern part mostly speaks

Russian and has resisted the ideas of private property and competition, which is odd, since Russia itself has been moving to adopt them. It is hard to think that this paralysis can continue much longer.

Mr. Kuchma sees that clearly. In a ringing speech Tuesday, he warned the Parliament that failure to pursue reform decisively could lead to anarchy and even to civil war. Ukraine is a big and populous country. Instability there would have severe effects on its neighbors, particularly Poland and Russia.

The West is doing what it should. A succession of emissaries, including Vice President Al Gore, has offered encouragement and promises of billions of dollars in loans to rebuild the economy, including its nuclear reactors. But all of this outside help has to be contingent on Ukrainians' determination to spend the money well and proceed with rational purpose. Ukrainians themselves now have to come to a decision.

—THE WASHINGTON POST.

## Saddam: Contain His Desperate Efforts to Intimidate

By Flora Lewis

PARIS—Western analysts are admittedly stumped trying to figure out why Saddam Hussein trumped his own ace with threatening military maneuvers just when the UN Security Council faced an open split on lifting sanctions.

This time he apparently has beat a quick retreat, withdrawing troop reinforcements confronting Kuwait when

especially around Basra and Amara.

They presumed it was to escalate the campaign against the "marsh Arabs" being driven out of their watery homes alongside the Euphrates and to put down increasing attacks from the resistance, which opposition sources claim has mounted open battles as well as successful ambushes.

For considerably longer, they have been reporting dramatic rates of desertion from the ordinary army, up to 60 percent in some units, cruelly countered with the order to cut off an ear and tattoo the forehead of those who are caught. Doctors who refuse the operation are said to have been executed.

Now, U.S. military experts confirm the assessment that Saddam's army, nearly a million strong at the start of the Gulf War, is now a "hollow force." Less than 100,000, essentially in the five Republican Guard divisions, are rated as effective—although that would be plenty to overrun Kuwait without determined American support of the Kuwaitis.

It is true that the economy is in shambles as a result of sanctions, although all signs of war damage have been removed from Baghdad. The main victims, of course, are the bulk of the people whom Saddam, a firm believer in the utility of intimidation, has at once terror-

ized and awed with nationalist fervor. He thought he could intimidate the United Nations into a deal to end sanctions, which he could then claim as a great victory, showing his concern for the people's welfare. But he has adamantly refused to accept the UN offer that would allow him to sell oil for food and medical imports.

He has good reason to feel that his own life as well as his regime's are now at stake. Even the Arabs who supported or sympathized with him in the Gulf conflict, including Jordan and the Palestinians, refuse to back him this time.

Saddam has a certain subtle international support. For legal and diplomatic reasons, no government calls for his ouster. Some, including Security Council veto members Russia and France, are eager to do business with him.

The opposition, which represents all major sectors of the population, is a fractious coalition gradually gaining allies within the regime. The only way to measure this is by Saddam's high-level purges, which are becoming broader and more frequent.

Therefore, the proposal from William Perry, the U.S. defense secretary, that the UN enforce a deep demilitarized zone across from Kuwait to match its flight-exclusion zone can bring many benefits.

Mr. Perry's reason is to prevent Saddam's on-again off-again threats from pinning down a substantial U.S. force or

obliging it to return. But it would also dramatically reduce Saddam's ability to persecute the suffering people in the south. Without his army's support, his police and party apparatus would be unable to sustain the level of repression. The opposition could organize in the area and greatly enhance the chances of overthrowing him from within.

There is one obstacle, and it seems to repeat the reason for the unsatisfactory end to the 1991 war. There is good cause to believe that Saudi Arabia leaned on President George Bush then not to press for the collapse of Saddam's regime. It doesn't like popular upheavals. Now the Saudi rulers are under greater internal pressure than ever, and King Fahd is reportedly too ill to rule effectively and too stubborn to abdicate.

But the United States cannot preserve the Saudis from their own mistakes forever, no more than it could preserve the shah's power in Iran. Forcing Saddam's army out of southern Iraq would no doubt take some military action (it should have been done in 1991), but it would not only protect Kuwait and Saudi Arabia, it would advance Saddam's demise.

The United States should convince the Saudis that they have much more to gain this way, and that they should counter their fears that the despot's fall might encourage their internal opposition by liberalizing their own regime.

Flora Lewis.

## Assad: He Speaks of Concessions While Buying More Tanks

By William Safire

WASHINGTON—I spotted Shimon Peres, the Israeli foreign minister, on a flight to Los Angeles last week and plunked myself down in the seat next to him. How did he explain the latest polls in Israel that show the opposition leader, Benjamin Netanyahu, running neck-and-neck with Prime Minister Yitzhak Rabin?

A fast man with an aphorism, Mr. Peres replied: "Polls are like perfume—nice to smell, dangerous to swallow."

That playful parrying was O.K. because the answer is apparent: (1) inflation under the Labor government is over 14 percent; (2) Mr. Rabin's answer is a cockamamie capital gains tax, undermining much-needed investment; (3) the PLO is unable to restrain the murders and kidnappings of Israelis by its rival Hamas; (4) Syria's dictator, Hafez Assad, wants every inch of the Golan Heights before granting Israel the favor of peace.

What's with Mr. Assad? I asked. Sometimes a non-penetrating question draws a revealing response. "Assad may miss again the boat," ruminated Mr. Peres. "He waited 17 years for nothing, and now he thinks he should be paid for it. He thinks if he waits, he'll get more, as if the Americans could deliver Israel."

"He's afraid to bargain because he's worried he may not get the best bargain. He thinks his comment that he is for peace was a great concession and we have to pay for it, and we're not impressed."

Let's assume that is a dovish diplomat talking tough in the hope of turning up the heat under a frigid interlocutor. From other sources, both in and out of touch with the Syrians, I get this assessment of what's with Mr. Assad:

For all his reputation for shrewdness, he has outsmarted and isolated himself. Egypt's Anwar Sadat, despised by Mr. Assad, got "every inch" of land back; Mr. Assad, 17 years later, finds it painful to settle for less. The penniless Yasser Arafat went into negotiations without

other weaponry from Russia. If fundamentalists take over in Egypt and Mr. Assad's allies in Iran buy or develop a nuclear bomb, Syria could lead the Arabs into a Mideast Armageddon. Taken together with his need for economic sponsors to replace

Syria: that in turn gave the hungry king of Jordan leave to negotiate a peace treaty with Israel, even as it encouraged the Saudis to ease the boycott. Mr. Assad is standing on the platform watching the train of Arab leadership leave the station.

Accordingly, he is dropping hints of flexibility. His controlled television shows King Hussein in Israel; his foreign minister gives an interview to Israeli journalists. His negotiators, who demanded a first-phase negotiation lasting only six months after a token Israeli withdrawal from the Golan, now agree to one year, a concession extracted by Secretary of State Warren Christopher.

At the same time, he positions himself for a classic double cross. Damascus remains the capital of terrorism. Mr. Assad has conquered Lebanon and does not trouble its Hezbollah. He is adding to his force of 4,200 modern tanks, and is buying missiles from North Korea and

other weaponry from Russia. If fundamentalists take over in Egypt and Mr. Assad's allies in Iran buy or develop a nuclear bomb, Syria could lead the Arabs into a Mideast Armageddon. Taken together with his need for economic sponsors to replace

Assad has outsmarted himself; now he stands on the platform watching the train of Arab leadership leave.

The Russians, these omnidirectional tugs suggest that the Israelis are wise to try to reach a territorial compromise with Syria, but would be foolhardy to totally abandon the Golan—a military position that cries out to be shared, offering security to both nations.

Mr. Christopher, at his best as a shuttling lawyer, spends six hours closely analyzing each

point with the suspicious Mr. Assad for every hour he spends with the forthright Israeli leader.

What's with Mr. Rabin? He is willing to negotiate ultimate total withdrawal in return for a "warm peace," with a force of 1,000 Americans permanently stationed on the heights to guarantee against a surprise attack. (Thirty Israeli troops are on their way to Haiti, as a kind of advance repayment.)

Honorably, Mr. Rabin—who promised not to take this gamble—is prepared to ask Israelis to ratify such an agreement in an unprecedented referendum. A regular election beforehand would be better.

Mr. Rabin's motive is noble, and his military career gives his strategic judgment weight. But I think Americans on a Syrian Golan would be a mistake, as is the current positioning of Americans in the Egyptian Sinai. Israel should not rely on another nation's monitors for its defense, and America should make its interventions decisive and brief.

The New York Times.

## The Chinese Army: Professional but Accustomed to a Central Role

By Ellis Joffe

BEIJING—The army will most likely play a decisive role in China's politics after the demise of Deng Xiaoping, but it is far from clear how it will do so. The military's past performance in the political arena may be a guide.

Until now, the army has been a central force in Chinese politics, but this was not tantamount to political intervention by the military. The reason for this essential distinction derives from China's revolutionary period, when Communist leaders had both political and military functions.

After the establishment of the Communist regime in 1949, rival hierarchies developed within the power structure, but at its apex,

political and military leaders remained closely integrated because of their unique personal stature as revolutionary godfathers.

The most significant result of this integration was that the nation's paramount leaders, Mao Zedong and Deng Xiaoping, were also supreme and active commanders of the Chinese Army. Their special standing enabled them to use the army as a power base in conflicts within the ruling elite. Such involvement was mostly indirect. The exceptions were the Cultural Revolution, when Mao embroiled the army in a gigantic social struggle, and the

Tiananmen Square crisis in 1989, when Mr. Deng compelled it to crush pro-democracy demonstrators with brute force.

China's military leaders of that generation also relied on the army for political maneuvering. But they never moved troops for political purposes on their own initiative. The professional military, for their part, tried to stay out of politics. The army's two large-scale interventions were carried out despite their opposition.

Mr. Deng's successors will not be able to involve the military in politics in the same way. Their hold on the army is much weaker.

It rests on institutional arrangements and performance, not on personal stature and long-standing ties. So they will not be able to take unconditional support from the armed forces for granted.

This will probably give the military great influence on the make-up of the leadership and on major policy issues. However, there are important limits. First, the uncertain stature of the new leaders is paralleled by the emergence of a new postrevolutionary generation of military chiefs who, unlike the old marshals, lack the personal standing to readily take assertive stands against party leaders.

In ordinary circumstances the new party leaders will not have to haggle constantly with the military for support because such support will be forthcoming—due to tradition, the professionalism of the armed forces, the institutional position of the leaders, and their instruments of power.

However, whether circumstances remain ordinary will depend on four conditions.

The first is the state of leadership politics. Basic policy consensus among senior leaders are vital for projecting authority and confidence to the bureaucracies and the nation. A breakdown of consensus could lead to prolonged paralysis, which the military chiefs could be tempted to break, or to conflicts in which the protagonists would try to enlist the support of army leaders.

The second condition is the leadership's control over the party and other ruling organs. Erosion of such control could fatally impair its capacity to govern and

impel the military to step in.

The third is the effectiveness of these organs. Prolonged ineptness or corruption would lead to a similar result.

The fourth is social stability, which will depend primarily on the success of economic progress in China. If signs of unrest appear after failure of the reform program or its disruptive side-effects, the military might intervene first at policy levels. If demonstrations break out, the military will make every effort to let the People's Armed Police deal with them. Only if widespread violence threatens the existence of the regime will the armed forces intervene massively.

The possible actions of the military thus range from unquestioned backing of the post-Deng leadership to full-scale intervention. A precondition, in any case, will be its own cohesion—the unity of the top command in dealings with party leaders, and the unity of the lower ranks in their response to high command.

So far, the professionalism of the Chinese armed forces has prevented serious cracks from developing. However, the military's extensive involvement in economic activities and the stresses of coping with unprecedented situations may endanger this unity.

If that were to happen, intervention in politics might split the military and cause internal strife.

The writer, professor of Chinese studies at the Hebrew University of Jerusalem, is author of "The Chinese Army After Mao." He contributed this comment to the International Herald Tribune.

## Politicians Loose on an Urge Splurge

By Joel Achenbach

WASHINGTON—People who seek public office tend to be what you might call useful, were that a word. When they want something, they want it badly. The winner of a party's presidential nomination is usually whoever wanted it worst. That is one reason Bill Clinton is president: extremely useful man. When that guy wants a chili dog, stand aside.

As a politician, Mr. Clinton has an urgent need for change, he says. He has rushed reform legislation, and most of it has blown up spectacularly.

He seems to know that in these days no president can count on a second term. His is a regency of urgency.

All humans have urges, but politicians can be particularly impulsive, impetuous, driven by the desire for power or money or righteousness or maybe even good seats at football games.

Tarnished Agriculture Secretary Mike Espy, an able man who deserves a better first name than Tarnished, got in trouble for various things, but the one that sticks out was his decision to attend the playoff game last year between the Green Bay Packers and the Dallas Cowboys. Any sports fan would have wanted to go.

Someone offered Mr. Espy two great seats in a skybox. Could we reasonably expect him to resist the urge to go, simply because the person offering the seats was Don Tyson, the chicken magnate, the single individual on earth who might be most dramatically affected by chicken inspection reform efforts then under consideration at the Department of Agriculture? This was a big game.

later got a job as secretary of housing and urban development.

The affair would be long forgotten except that his former mistress has sued him for violating a verbal agreement to pay her \$4,000 a month, and in the grand tradition of Jennifer Flowers has given a television tabloid show transcripts of secretly taped phone calls between her and Mr. Cisneros. She claimed on television that he deceived the FBI about how much money he had paid her after they broke up. He says he was just helping out a friend who couldn't get a job because of publicity about the affair.

In other words, he was just being nice. Maybe that's just an urge of his: humanitarianism. But he paid her more than \$200,000. Very nice indeed.

He apparently will survive this little scandal, but it's embarrassing, and he probably wishes he had suppressed a few more urges in his rise to stardom.

Former and Maybe-Again D.C. Mayor Marion Barry had urges. He says he was a sex addict, but it was his urge to light the crack pipe, the urge for euphoria, that blew out his career.

Teddy Kennedy is perhaps the most useful politician of our times. The young lads were asleep that night at the Palm Beach estate. He woke them up and suggested they go to a bar. Even in late middle age, old enough to get the senior citizen discount at Denny's, a man can reach deep within himself and find the urge to P.A.R.T.Y.

The Republicans have countered Mr. Kennedy with Mitt Romney, a man of no obvious urges other than to make money.

The Washington Post.



International Herald Tribune

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S.A. on capital of 1,200,000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337  
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OPINION

# Lots of Big Problems Don't Have Military Solutions

By William Pfaff

PARIS — Haiti and even Iraq, for all of the personal tragedies they entail, are foreign affairs sideshows. Even Iraq's strategic position with respect to the Gulf's oil production affords it little more than a nuisance role in world affairs. The world's industry already gets along without Iraq's oil. Seizure of Kuwait's will not be tolerated, as the United States is again demonstrating, but even that would be of surmountable economic consequence. There is simply a lot of oil on world markets, and those who produce it, whatever their political character, have to sell it.

A more perplexing, long-term problem for makers of foreign policy lies farther south. Saudi Arabia is the principal Arab oil producer, but its social and governmental structures are totally unadapted to contemporary circumstances, and they are beginning to crack.

The country is run by the royal family, largely in their personal interests. The government imposes upon its subjects a religious orthodoxy and cultural-social repression irreconcilable with the secular, liberal, hedonistic and materialistic values set loose in the country by its world economic role, the Western education of its elites and modern communications.

Despite certain recent Washington utterances meant to distance the United States from some of what has been going on, America is tightly bound to this monarchy. There is an analogy in this to Iran's condition under the shah, and to

America's situation with respect to him. In other words, there is no military answer. The problem, however, is that the United States now has trouble producing solutions other than military ones. Its policy in the entire Gulf region was fundamentally military even before Saddam Hussein ordered his troops to Kuwait's frontier, including pre-positioned stocks and programs of military exchanges and joint training meant to produce political as well as military results.

Haiti policy, meanwhile, rested on the American military's good relations with Haitian generals, until the latter's coup d'état deposing President Jean-Bertrand Aristide. Nonetheless, policy today is military in execution, if not in formation, a matter of a huge invasion deployment on the one hand and General Colin Powell's assurances to the generals of honorable treatment on the other. The continued American engagement in Haiti — and there will be one — will undoubtedly be assigned to the army and marines to carry out.

This reliance on military solutions not only follows from a lack of political imagination in Washington, and the State Department's lack of political clout, but reflects the popular trust that Americans place in the military, as the one presumably uncorrupt element in a government otherwise widely portrayed as an unproductive burden upon the citizenry.

The Pentagon has also become the main government actor in America's economy. Since the onset of the World War II, when military spending ended the Great Depression and put the country to work again, the Pentagon has provided subsidy and direction to America's heavy and high-technology industries. This has been the American version of industrial policy. Other countries have state industrial policies, but their militaries don't run them.

This now is a problem. Since the end of the Cold War, the U.S. military budget has shrunk in real terms, or at best remained stable, and the real military threat to the country has dwindled. But the Pentagon has difficulty reducing its arms spending while keeping force-level commitments intact because high-technology research and production costs steadily rise.

Thus, one privately published European analysis argues that in the effort to justify its budgets, the Pentagon has committed itself to a series of difficult, even unrealistic, high-technology projects for which there is neither a realistic mission nor the money for operational use.

The most dramatic case was the Star Wars program, but there have been others since, such as the B-2 stealth bomber, the F-18 and F-22 advanced fighters and the abandoned A-12 attack aircraft. The analysis asks if America's military-industrial system is capable of halting this flight into irrelevancy.

Some Republican critics of President Bill Clinton contend that his administration has gutted America's military forces so that they no longer have the stocks, transport, infrastructure and training to carry out their missions should they meet real opposition. There is something in this reproach, but it deserves to be addressed to America's military leadership, which has set these priorities.

However, both Republican and Democratic administrations

allowed this situation to happen. The use of military influence, threats, deployment and action has become the privileged instrument of American world policy. It is a strange development for a country that for the first century and a half of its existence took pride in its lack of a permanent military establishment. At a time when America has no serious military rival, it is also a dangerous situation.

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Jimmy Clinton.

# Pollution Along the Highway

By Brent Staples

NEW YORK — Affairs of the heart can produce lots of venom as they die. Once, the beastly things that lovers said at the end disappeared into the ether. They were pardonable on grounds of momentary insanity.

Less so since 25 million people tied themselves into the Internet, the international computer network through which

thousands of people. The beau fired back with some graphic sexual comments on a closed highway — say it three times, click your heels, and you would have any movie you wanted on demand, be examined by your doctor without leaving your bed of pain, find yourself on a planet that had become a cozy little virtual neighborhood.

The clue was in mixed metaphor: You don't build a neighborhood on a superhighway.

The promise of the virtual neighborhood has proved far-fetched at best. How could it be otherwise when the communicants are faceless and voiceless, many writing under assumed names?

Consider that the first verb cyberspace contributed to the language was "to flame," meaning to singe someone's eyebrows with an obscene or derogatory message. Flaming has become the on-line sport of choice; whole sectors of the Internet are given over to the most putrid insults. A curse muttered on the street disappears into the air. A flame echoes on, to be read by millions.

The information superhighway may yet rise to its lofty promise. But as of now, its most pronounced accomplishment has been to chisel into stone trash that would better have been left to disappear.

A settlement could take years to reach. It was an article of faith that the information superhighway would transform workaday life. The information superhighway — say it three times, click your heels, and you would have any movie you wanted on demand, be examined by your doctor without leaving your bed of pain, find yourself on a planet that had become a cozy little virtual neighborhood.

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# Times Get Tougher and Morals Get Toughest

By Richard Rorty

CHARLOTTESVILLE, Virginia — Oliver North, in a close race for a Senate seat, is a moral hero to many of my neighbors here in Virginia.

Although he has encountered criticism in recent days for intemperate remarks about American preparedness in the Gulf, those remarks are no more likely to hurt him than are his frequent, well-documented lies. The local paper gets lots of letters praising him for his upright character, for a sense of honor, for exemplary character. When his opponent, Senator Charles Robb, called him a liar, he easily brushed aside the charge.

Mr. North got away with this because Mr. Robb has pretty much admitted to being an adulterer. For Mr. North's admirers, the crucial test of moral character is sexual behavior. In their eyes, Mr. Robb's infidelities are enough to show his unfitness for office. It is also enough to show that he is, at bottom, weak.

Like most voters in Virginia, I got a letter from Mr. North telling me that he would greatly value both my advice and a contribution to his campaign. The very first sentence of this long letter mentioned that his opponent — "the liberal son-in-law of Lyndon Johnson" — favored letting gays serve in the military.

This was no doubt the right way to rivet the attention of the people Mr. North is counting on. A homosexual is, in their eyes, a paradigm of moral weakness and of the defilement that is the penalty for such weakness.

A man who owes his political success to family influence is clearly weaker than

someone who, like Oliver North, can claim to be self-made. A liberal is someone with a bleeding heart — someone too soft to experience icy contempt for those weak enough to accept welfare checks.

Mr. North, by contrast, comes across to his admirers as hard, strong and pure. He does not use the words "strength" or "purity" much himself, but these words leap to his supporters' lips. These virtues are prized when times are hard. When we have what we need and expect to get more, the virtues of charity and compassion sometimes take their place.

During the Martin Luther King years, the American middle class was making more money every year and was able to feel sympathy for the weak. The moral achievements of those years were made possible by prosperity. Mr. Robb remembers the difference his father-in-law's civil rights legislation made, how it alleviated unnecessary suffering.

Mr. North's sense of America is of a strong and valiant nation that should have no patience with weakness. When he looks around, he does not see unnecessary suffering but rather confusion and spinelessness — things that a military officer cannot tolerate. So he proclaims the need for more prisons, stiffer sentences, more discipline, more hard work.

Addressed to middle-class voters, whose average real income has been steadily declining for years, this is probably the only rhetoric that will work.

Virginia may elect the most preposterous U.S. senator since the notorious racist Theodore Bilbo, but not because it is a poor, ignorant, Bible-thumping state. It has areas of grinding poverty, but it is, as a whole, wealthier and better educated than most of the country.

If Virginia elects Mr. North, it will be because the suburban middle class — who form, here as elsewhere, the majority of the people who get out and vote — is scared stiff, and has every reason to be. Its sacrifices to pay college tuition will not necessarily be rewarded by comfortable white-collar jobs for its children. Its hard work is probably not going to pay off in rising income. Its moral uprightness may go unrewarded.

Mr. North has no ideas about how to provide such rewards — about how to make the country more prosperous — any more than do Senator Bob Dole and Representative Newt Gingrich, his powerful supporters. All any of them are likely to do is block President Bill Clinton's programs, and then sneer at his weakness.

It is a bad augury for a democracy when "strength" and "weakness" become the main terms of praise and blame for its leaders. The world has had experience with what happens when a middle class's expectations are disappointed, and when it starts looking to strong, valiant men whose hearts never bleed.

The writer, professor of humanities at the University of Virginia, is author of "Objectivity, Relativism and Truth." He contributed this column to The New York Times.

# LETTERS TO THE EDITOR

## Albania and the Greeks

Regarding "Albania's Show Trial Looks Like a Perilous Provocation of Athens" (Opinion, Oct. 7) by Nicholas Gage:

The five Albanian citizens of Greek origin were found guilty by the Tirana Court and by the appeal court of arming people of the Greek minority with weapons bought with Greek government funds and smuggled from Greece into Albania; of illegal arms possession; of organizing the registration of ethnic Greeks from Albania in military schools in Greece without the consent and knowledge of the Albanian government; and of transferring classified information on the Albanian military to the Greek secret service — all with this service's collusion. The five had an open, transparent trial by an independent court. Videotaping of the interrogation made public by the prosecutor tarnished claims by the defendants of being tortured or intimidated. These allegations were declared invalid by the high commissioner on national minorities of the Conference on Security and Cooperation in Europe, Max Van Der Stoep, who had met privately with the defendants before the trial.

Albania provided an open trial attended by Greek members

of Parliament and officials. Western diplomats and international press observers. At the meeting of European Union foreign ministers in Luxembourg last week, the German foreign minister, Klaus Kinkel, who was chairing, declared that "the trial procedures observed Albanian law and there was no tendency to influence the courts in Albania." At this meeting, Greece, at odds with the other 11 member nations, again blocked financial aid to Albania.

It is regrettable to see the Greek minority in Albania becoming an instrument of questionable policies of Athens and of hypernationalist elements of the Greek lobby in the United States. Almost every international delegation and fact-finding mission visiting Albania and its Greeks has determined that since the fall of the Communist regime the situation of the Greek minority has improved tremendously and that the current government is committed to respecting minority rights in compliance with modern Western standards. This minority enjoys all rights foreseen in the CSCE Copenhagen Charter.

Ethnic Greeks in Albania can move freely to Greece (so far as Greece lets them in), they hold unrestricted religious services, they have their own associations and their own political party, the

Human Rights Union. There are two elected representatives of this party in the Albanian Parliament. There are four Albanian members of Parliament from other parties, as well as councilors, mayors, district chiefs, ministers, ambassadors and Constitutional Court judges, who belong to the Greek minority.

The size of this ethnic group has been hyperbolically projected just like the figure of Albanians working in Greece. A reliable index would be the vote gathered by their party in the last three free, nationwide elections. The Human Rights Union scored the highest result in July 1992 with 49,000 votes — that represents less than 1 percent of the total electorate.

With regard to Tirana's regional policy, one cannot overlook the fact that with its moderate policy and influence, its respect for the CSCE commitments, its support for the international community and NATO, Albania has become an important factor of stability.

Nationalistic policies in Athens, the recent Macedonian blockade and the current dispute with Albania, constitute, along with Serbian military expansionism, the real threat to peace in our region and Europe.

GENC POLLO,  
Adviser to the president  
of Albania, Tirana.

**More to the Picture**  
Regarding "At 86, a Photographer Looks Back" (Features, Oct. 1) by Mary Anne Fitzgerald:

The writer pays a long overdue tribute to the photographer George Rodger, the unsung co-founder of the international cooperative photo agency Magnum. However, there is one omission. Following the death in childbirth of Cicely, George's first wife, a young American journalist named Lois ("Jinx") Winterspoon joined George on his travels. She has never left his side. Together they have created a charming cottage home in the English village of Smarden, Kent; they now have three children and three grandchildren.

JOHN G. MORRIS,  
Paris.

**Modern-Day Lincoln?**  
Regarding "Maybe a Vote for Change" (Opinion, Oct. 6):

All the political analyses and polls have overlooked the real determining factor in the upcoming German election: Rudolf Scheparing's beard. No democratic country in the world, I believe, has an elected leader with a beard. (Another reason, perhaps, for the isolation of Fidel Castro?)

MARVIN SPEVACK,  
Münster, Germany.

# BRIDGE

By Alan Truscott

THE most discussed deal of the World Mixed Pair Championship, shown in the diagram, saw a variety of doubled contracts coming home. At many tables, East opened with a weak two-spade bid and played that contract doubled after South had passed his partner's take-out double for penalties. That contract sometimes succeeded, but could be beaten with best defense.

At a few tables North-South landed in five clubs doubled, which could not be defeated. And in one case, as shown, South was in the weird contract of three hearts doubled. West had passed his partner's opening because the opening was limited to 15 high-card points. He then felt on firm ground in doubling three hearts, and was disappointed to find that the contract was unbeatable.

A spade was led to the ace, and a club was cashed. The diamond ace was ruffed. Dummy was entered again in clubs for a second diamond ruff. Finally, South ruffed a

spade, ruffed yet another diamond and led a spade. He could not be prevented from scoring his ninth trick with one of dummy's trumps.

Oddly enough, it does not help the defense for West to lead a trump originally. South still cannot be prevented, if times the play correctly, from taking five ruffs and four outside winners.

**NORTH**  
♠ Q J 10  
♥ A J 8 3 2  
♦ A Q 8 3 2  
♣ A Q 8 3 2

**EAST (D)**  
♠ 10 7  
♥ K 8 7 6 5  
♦ K Q 7 5  
♣ 8 4

**SOUTH**  
♠ A 8 8 8 2  
♥ 9 4 3 2  
♦ —  
♣ K J 10 5

Neither side was vulnerable. The bidding:  
East: 1♠, 2♣, 3♥, 4♣, 5♣, 6♣, 7♣, 8♣, 9♣, 10♣, 11♣, 12♣, 13♣, 14♣, 15♣, 16♣, 17♣, 18♣, 19♣, 20♣, 21♣, 22♣, 23♣, 24♣, 25♣, 26♣, 27♣, 28♣, 29♣, 30♣, 31♣, 32♣, 33♣, 34♣, 35♣, 36♣, 37♣, 38♣, 39♣, 40♣, 41♣, 42♣, 43♣, 44♣, 45♣, 46♣, 47♣, 48♣, 49♣, 50♣, 51♣, 52♣, 53♣, 54♣, 55♣, 56♣, 57♣, 58♣, 59♣, 60♣, 61♣, 62♣, 63♣, 64♣, 65♣, 66♣, 67♣, 68♣, 69♣, 70♣, 71♣, 72♣, 73♣, 74♣, 75♣, 76♣, 77♣, 78♣, 79♣, 80♣, 81♣, 82♣, 83♣, 84♣, 85♣, 86♣, 87♣, 88♣, 89♣, 90♣, 91♣, 92♣, 93♣, 94♣, 95♣, 96♣, 97♣, 98♣, 99♣, 100♣, 101♣, 102♣, 103♣, 104♣, 105♣, 106♣, 107♣, 108♣, 109♣, 110♣, 111♣, 112♣, 113♣, 114♣, 115♣, 116♣, 117♣, 118♣, 119♣, 120♣, 121♣, 122♣, 123♣, 124♣, 125♣, 126♣, 127♣, 128♣, 129♣, 130♣, 131♣, 132♣, 133♣, 134♣, 135♣, 136♣, 137♣, 138♣, 139♣, 140♣, 141♣, 142♣, 143♣, 144♣, 145♣, 146♣, 147♣, 148♣, 149♣, 150♣, 151♣, 152♣, 153♣, 154♣, 155♣, 156♣, 157♣, 158♣, 159♣, 160♣, 161♣, 162♣, 163♣, 164♣, 165♣, 166♣, 167♣, 168♣, 169♣, 170♣, 171♣, 172♣, 173♣, 174♣, 175♣, 176♣, 177♣, 178♣, 179♣, 180♣, 181♣, 182♣, 183♣, 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## DEBT OF HONOR

By Tom Clancy. 766 pages. \$25.95. Putnam.

Reviewed by Judy Shel



## A Visit to the 3 Cultures of Singapore

By Philip Shenon  
New York Times Service

SINGAPORE — No one is quite sure whether Singapore's tourism industry was helped or hindered by the furor that put the city-state on the map for millions of Americans. Last spring, the caning of Michael P. Fay, an American teenager accused of spray-painting cars, outraged the Clinton administration and human rights groups. A Dutch engineer was hanged last month after he was found in his luggage at the airport. The incidents reminded travelers that the Singapore government is serious about keeping the city safe and clean. This may be the only nation that has banned both handguns and chewing gum, the latter because it can jam subway doors. The city's other attractions — including fine restaurants and shopping, and spectacular tropical gardens — make it one of the most popular Southeast Asian destinations. It can be a fine place to relax for a few days between visits to other cities — a break after the smoggy exoticism of Bangkok, Jakarta or Manila.

One of the major accomplishments of Singapore's government is the sense of harmony that it has fostered among the three ethnic groups that make up most of the island's population: the numerically dominant Chinese, the Malays and the Indians. The festivals of all three groups are times for national celebration.

On Oct. 24, the Indian community celebrates Thiruvithirai, an annual fire-walking ceremony honoring Draupadi, heroine of the epic Indian poem "Mahabharata." Draupadi supposedly proved her chastity by walking on fire, so her worshippers repeat the feat by strolling across red-hot embers. The fire-walking is at the Sri Mar-

iamman Temple on South Bridge Road beginning at about 4 P.M.

Through Nov. 4, tens of thousands of Chinese Taoists will make their annual pilgrimage to nearby Kusu Island and the temple of Da Bo Gong, the god of prosperity. The worshippers carry offerings of brilliantly colored flowers, candles and joss sticks. The island is served by a ferry from the Singapore World Trade Center.

Through Nov. 13, the National Museum is sponsoring Singapore's first major exhibition of Indian art, including scores of works on loan from the National Museum of India. Many of the objects, from 3000 B.C. to A.D. 1900, include stone, bronze and terra-cotta figures of Hindu deities. The highlight is the coffin in which the remains of the Lord Buddha were found in 1979.

Along the Singapore River, the Empress Place Museum, which offers rotating exhibits on Chinese culture, is showing relics of Chinese city life from the Song, Yuan and Ming dynasties.

Once renowned for wild night life, the city now promotes G-rated attractions. The government endorses only one type of nocturnal wildlife: the kind found in the Singapore Zoological Gardens, which this year opened the Night Safari, billed as the world's first nighttime zoo. It is an impressive effort to showcase twilight-loving creatures, including Neotropical rhinoceroses, Malayan tigers and the rufous-necked Asian sloth bears, at their most energetic (which, in the case of the sloth bears, is not very).

Subtle bluish lighting makes it possible to see the animals clearly without disturbing them. The trip through the 100-acre (40-hectare) zoo, at 80 Mandai Lake Road and open from 7:30 P.M. to midnight, can be made by foot or on an open-sided electric tram. The 45-minute tram tour is

conducted by guides trained to pounce on any visitor who dares to break the zoo's unbreakable rule: no flash cameras, which might spook the animals. The animals are separated from visitors by moats and other natural boundaries, and they have a relatively large space to roam. A ticket for the Night Safari is \$12, children \$8.

For those who prefer feathered beasts, the Jurong Bird Park has more than 4,000 birds, spread over 50 acres. The walk-in aviary has a 98-foot-high (30-meter) waterfall at one end. The park is on Jurong Hill.

With Singapore's year-round tropical heat, evening can also be the best time for a stroll on Sentosa Island, just off the southern coast, which the government's forward-thinking planners set aside in 1967 as a recreation center and amusement park. Private cars are banned.

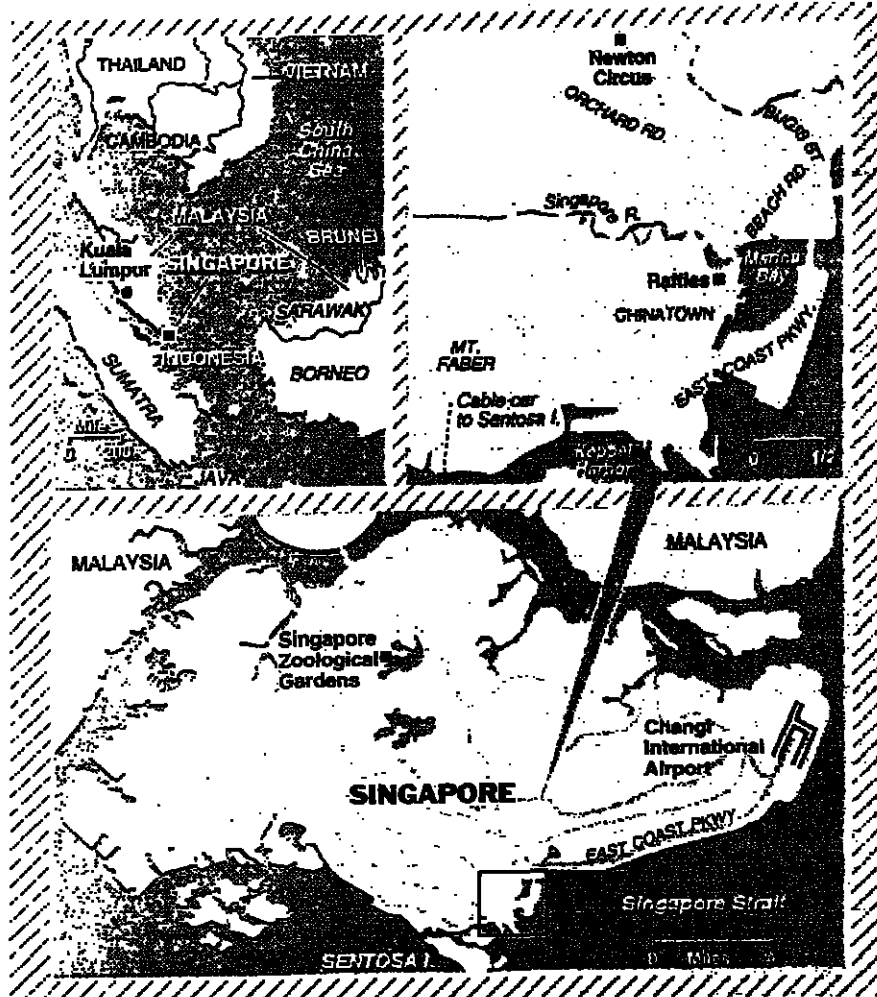
The island can be reached by bus, ferry or, best of all, by cable car from the station atop Mount Faber. The cable car offers a spectacular view of Singapore's futuristic

skyline and the ships crowding one of the world's busiest container ports. The round-trip cable car ride costs \$4.35 (\$3 for children) and there is an additional admission charge to Sentosa of \$3.35 (\$2 for children). The best of Sentosa's attractions is Underwater World, an aquarium in which visitors walk through acrylic tunnels that snake along the bottom of gigantic fish tanks.

Singapore has some of the best Chinese, Malay and Indian food anywhere outside China, Malaysia or India, and the Western food can also be world-class. Two of the finest Chinese restaurants in the city are in the Goodwood Park Hotel, at 22 Scotts Road, 737-7411. The hotel's Chang Jiang Shanghai restaurant is very formal, with plates of food brought out for viewing before they are returned to the kitchen to be portioned out into individual servings. The vast menu includes every sort of delicacy offered by formal Shanghai cuisine, which stresses natural flavors.

The hotel's Min Jiang Szechuan restaurant, decorated in traditional Chinese style, with Oriental screens and paintings set in a room of pastel green, is one of the most popular restaurants in Singapore. Spicy sautéed scallops with dried red chili (\$16) and shredded beef with red and green pepper (\$8) are delicious. In Chang Jiang, the price of dinner for two with wine will be about \$65, slightly less in Min Jiang.

What is offered in the Goodwood Park is fancy Chinese food in a fancy hotel. For a true Singaporean dining experience, visit one of the open-air centers where hawkers sell their specialties from small booths. The simple satay stands, which offer noodles and satay, tend to serve up the best fare, and there are always several choices of tropical fruit for dessert. Diners eat on tables and stools scattered among



the booths. A satisfying meal for two need not cost more than \$10, including beer. Among the largest and most popular hawkers' centers is the one at Newton Circus, at the top of Scotts Road.

For adventure seekers, there is one truly unforgettable dining experience in Singa-

pore: a plate of durian, the mango-like fruit beloved by Singaporeans despite its revolting smell. The Four Seasons Restaurant along Clarke Quay, 336-3603, specializes in it, and is usually packed with durian lovers on weekend nights. Most dishes are about \$5. Brace yourself.

## Eat, Drink and Gamble: A 36-Hour Cruise to Nowhere

By William Grimes  
New York Times Service

NEW YORK — Travel on the open ocean has always suggested a potent blend of romance, mystery and adventure, three words not associated with New Jersey. Yet that's the unseen land that beckons off the bow on the two-day "cruises to nowhere" that regularly depart New York.

Ships leave the Hudson River docks, float serenely southward, not much farther offshore than a crab pot. A day later, their screws turning slowly, they turn right around and, with due deliberation, make their way back to New York.

The point is to step aboard a full-fledged ocean liner on a Friday afternoon, then eat, drink and gamble, gamble, drink and eat, take in a few floor shows, and return 36 hours later totally sated.

Several cruise lines offer the quick get-aways when their ships' schedules permit. Carnival Lines got in on the act when the Fascination arrived from the shipyard early. The company offered cruises to nowhere before the ship began its regular schedule of cruises in the Caribbean.

The Fascination, a gleaming white behemoth, is billed as "70,367 tons of fun."

My wife, Nancy, and I signed on, booking a cabin for \$650, a price that included all meals (but not liquor) and entertainment.

The fun began on a sweltering Friday afternoon. At a shipside processing station we were issued plastic shipboard credit cards. The cards were good everywhere except in the casino. (For drink orders, a 15 percent tip was automatically added on.) At a second station, we received our plastic key-cards. We ascended the gangplank and stepped aboard.

For the next 36 hours, the Fascination would be our world. We came to know, intimately, its glittering promenade level, its outdoor decks and pools, its fabulous discos, its innumerable slot machines, its seven-story atrium, its many bars and tall pastel drinks, although not its topless sun deck. The Fascination sparkles, shines, glitters and flashes. It is an all-out assault on the body's fun receptors.

Our cabin was admirably laid out, spacious and comfortable, with an unexpectedly soothing color scheme of gray and salmon. A closed-circuit television system broadcast an orientation film, one first-run film each day, and whatever channel it could pick up on satellite. At one point, passengers could take in an Inuit-language program from Canada showing the ins and outs of polar-bear hunting.

The Fascination is governed by a Holly-

wood theme. When passengers stroll along the promenade level, dubbed Hollywood Boulevard, they can duck into the Beverly Hills Bar, the Diamonds Are Forever Disco, the Passage to India Lounge (that's the one with two models of elephants inside), the Puttin' on the Ritz Theater and the Casino Royale, nerve center of the ship.

The effect was a little like moving through a life-size board game, with light and sound effects added on, or living inside a giant pinball machine. Elsewhere along the promenade, a life-size Dooley Wilson tickled the ivories of a piano as Boogie looked on.

Wilson and Boogie were not alone. Here and there, Hollywood's greatest legends popped up in pairs. Outside the Passage to India Lounge, Elvis Presley (slim phase) and Liz Taylor (ditto) engaged in casual conversation. Sometimes the mannequins blended right into a small group of chattering passengers, drinks in hand, oblivious to the frozen celebrities in their midst.

The effect was unerring, but nothing to compare with the ship's architectural centerpiece, its mall-like atrium, an eye-popping symphony of clear plastic, faux gold, neon lights and shiny marble, rising six stories from the Empress Level to the sky-light that sits atop the sun deck. Along a faceted pillar, a clear glass elevator outlined in blue neon carried passengers up and

down, as they moved restlessly from the Coconut Grove Bar and Grill to the mall shops to the swimming pool with water slide to the massage and loofah rooms.

My wife and I boarded too late for "fun quiz time" in the Palace Lounge, and our exploratory wanderings caused us to miss the Friday evening Run Swizzle Party. But not to worry. On Saturday morning, after breakfast in our cabin, a smorgasbord of cultural activities awaited before noon. We had our choice of a trivia quiz, horsing around on the ship's bridge, a tour of the ship, art and crafts lessons, body conditioning and trap shooting. We chose the horsing around. You put your money down, watch wooden horses advance with a roll of the dice and, more often than not, lose.

After lunch, we headed to the Palace Lounge for the Newly Wed and Not So Newly Wed Game. This amateur version of the TV show relied on volunteers, which made for some dread-filled moments as the beady eye of the ship's entertainment director scanned the audience for couples who looked as though they would be mortally embarrassed by questions rife with sexual innuendo. Stinking low in our seats, we survived the cut and rather enjoyed seeing the couples on stage squirm.

Invigorated, we raced to the Lido Deck, where an ice carving demonstration was in

progress at the poolside bandstand. Alas, we arrived too late, or the day was too warm. Either way, only a puddle of water remained. There was no time to pout. As waiters circulated among the deck chairs offering a lime-colored drink called Twilight Zone, another shipboard funmeister organized a gladiator contest on the bandstand that required beefy young men to sit astride a gymnastic horse and pummel each other with pillows. If you have a firm grip on a Twilight Zone, this could qualify as entertainment.

At night, in the Puttin' on the Ritz Lounge, crew members throw off their daytime identities and reveal themselves in full splendor in the ship's Las Vegas-style revue. The production values are remarkably high. The first night's show, "Fascinatin' Broadway," took a tour of current hit musicals, with high-kicking by the Fascination Dancers and some pretty soulful singing by Christopher Alan Graves. The cast returned on Saturday with "Hollywood," which ended in a retina-searing display of multicolor strobe effects.

My wife and I sampled the cultural offerings in between long stints in the Casino Royale, a venue I approached with something like reverence, having passed

through a period of Ian Fleming worship in my formative years. Lured by the flashing lights of 200 slot machines, the rattle of the roulette ball making its final turns around the wheel, the heady atmosphere of the gaming table, I entered the Casino Royale and scanned the room, looking for the chemin de fer table. There was no chemin de fer. If there were, I would have had no idea how to play it, so perhaps it was all to the good. The Casino Royale offered the basics: slots, poker machines, roulette, blackjack and various forms of poker. At the roulette table, I proved beyond a reasonable doubt that the odds do indeed favor the house. At blackjack, I was wiped out in minutes. It was a sub-Bond experience.

There was always solace in food, of course. A passenger determined to extract full value for money could strap on the feedbag at the crack of dawn and graze nonstop into the wee hours, when the ship laid on back-to-back buffets.

By Sunday morning, a subdued atmosphere had overtaken the ship. Even the hardest partiers wore the stunned look of triathletes who had given their best and could do no more. The great white whale of totally mindless fun had been stalked, harpooned and vanquished. Work was looking pretty attractive.

## THE MOVIE GUIDE

### Heavenly Creatures

Directed by Peter Jackson.  
New Zealand.

Described by its 33-year-old director as "a murder story about love, a murder story with no villains," this film is based on a notorious case that occurred in New Zealand in the '50s. It relates the unfolding of a passionate friendship between two schoolgirls and their final decision, when faced with permanent separation, to kill one of their mothers. Pauline Parker (Melanie Lynskey) appears a rather dull and dowdy individual until Juliet

### Hulme (Kate Winslet), an attractive, sharp, precociously sophisticated (but, in reality, vulnerable) English girl, arrives in the same classroom (her well-to-do parents having just moved to Christchurch). Though seemingly wildly different, both are highly creative misfits and find an instant rapport. Together they invent a mythical medieval kingdom, Borovnia, about which they write a series of novels, and resolve to run away to Hollywood to become famous scriptwriters. Peter Jackson has confessed to having had profound mis-

### givings about making "Heavenly Creatures," since both main protagonists and many others involved are still alive, but decided to go ahead when it became clear that other, sensationalized treatments were about to be shot. Happily, in this meticulously researched version, which makes dexterous use of Pauline's and Juliet's diaries, letters and novels, the psychological complexities of the story are treated with an intelligence, subtlety and delicacy seldom witnessed on the screen. The giddy exuberance of the girls' friendship and the hectic blossoming of their artistic talents in a rigid, class- and convention-bound society are masterfully captured, and both Lynskey and Winslet give mesmerizing performances. And, though the denouement is tragic, there are many amusing, even hilarious moments, in a film rare for its depth and humanity. (Roderick Conway Morris, IHT)

### though, Al comes across whiz kid Steve Nebraska (Brendan Fraser), who throws so hard that he routinely knocks the catcher and the umpire on their backs. Realizing that Steve, who also hits like Babe Ruth, could be the greatest ballplayer who ever lived, Al moves quickly to sign him up and get him to New York. Though the film is anything but realistic, the exaggerations at its end — complete with "Rocky"-style flourishes from composer Bill Conti — seem too extreme even for fantasy. Maybe it's impossible for a Hollywood sports picture not to resort to pandering big-game clichés. But, until the end, everything in this oddball item is so delightfully unexpected that the impossible seems within reach. (Hal Hinson, WP)

## Funky '50s, Dangerous Liaisons

By Suzy Menkes  
International Herald Tribune

PARIS — It was the most fabulous fashion happening since Eve put on her fig leaf. In the center of the studio a hunky, half-naked guy slipped Champagne in a 1950s Oldsmobile. Upstairs, there was a platinum-blonde Madonna on a chaise longue, and the French actress Arielle Dombasle perched on an antique bed in which a tattooed male was stripped down to his Calvin Klein underpants.

And only a brief 90 minutes to wait (Madonna didn't) for John Galliano's show to start. Vroom! A white Chevrolet

### Paris Fashion

drove in off the street and out stepped a gorgeous creature, walking with that sucked-in stomach greyhound look of 1950s haute couture.

The clothes were like that too — a houndstooth dress molded and draped above the tight long skirt, the model bending into a black-and-white image of a Jacques Fath outfit photographed by Irving Penn. And there was Linda Evangelista giving photographer Steven Meisel a twirl in her Balmain-esque tulle-skirted gown with a swan-lake bodice of primrose feathers.

"He's such a wonderful cutter," breathed Béatrice de Rothschild, eyeing a Vionnet-style black dress, with butterfly shapes sewn into bias-cut seams.

"That coat!" said Paloma Picasso, of a kimono creation with vast obi-bow.

There was just one problem with the British designer Galliano's funky, witty, brilliantly crafted high-camp couture. He was supposed to be showing ready-to-wear.

Fashion needs the creative imagination that Galliano showed in the ambience of decadent glamour. But he needs a couture house. And women in



Vivienne Westwood's pique dress.

the 1990s need clothes for here and now.

Vivienne Westwood's fashion history lesson was a sly, tongue-in-cheek glance at the past.

"Dangerous Liaison jacket" read the program to describe a fitted jacket with this season's favorite winged shoulders. "Erotic Zones" read the invitation. Last season's padded bustles had become a bird-cage of mesh, which went under cute

knits, dainty Liberty print dresses or all on its own with a unique rear view.

It was a show that suggested what Gainsborough's be-furrowed beauties were up to off the canvas. Frilled necklines swooped low; Westwood's signature corsets pushed bosoms high; skirts that might once have exposed the ankle rose flirtatiously. This return to ladylike elegance had a sexual charge.

Behind the bustles, the phallic shoes and the saucy allure given to the prim poke bonnet, there was a collection of delectable clothes, especially the lace knits, the fresh summer dresses in striped cotton or piqué and the tailored jackets.

"Sex — was it sexy?" asked Westwood, who took her bow wearing one of the cages with a rear view of a brief bodysuit. "It was my stand against mediocrity in fashion, where everyone looks a shapeless mess," she said. "Eroticism is about concealing as much as revealing and the show was about changing the zones."

Karl Lagerfeld's show Thursday was an attempt to be Modern with a capital M. It contained some of the most hideous colors and prints under the sun, men mooning down the runway after the model legend Versuscha and starry jackets.

Since "Sun, Moon and Stars" is Lagerfeld's latest fragrance, the finale of the show had silver solar embroideries on pastel dresses opening over shorts. They were an improvement on jersey second-skin dresses, mixing bilious green, bubble-gum pink, manure brown and electric blue and with daubed prints that would be hard to praise if a toddler brought them back from playschool.

But the jackets were splendid, shaped to the body with a cunning jigsaw of seams. Techno fabrics and the harsh colors suggested that Lagerfeld was reaching for a millennial futurism. Between the romantic nostalgia of his Chloé collection and this brash modernity, there ought to be a middle way.

Knitwear seems to be an emerging story this spring-summer season. Sonia Rykiel made her models into sweater girls, giving a glamour to curving knits and even embroidering the outline of a bra in sequins. Cerruti stayed with sportswear, making layered cardigans and sweaters for day into evening. Shiny fabrics, from glazed linen through metallic knits, gave the requisite touch of glamour.

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## THE ARTS GUIDE

## Cheese: Ask Patrick Rance

By Christopher Perkins

**L**ONDON — The late and formidable English food writer Jane Grigson hesitated to call Patrick Rance a guru — too suggestive of "a bearded sage sitting on a mountain or under a bo-tree." "Guru" conveyed passivity, she felt. She preferred to call him a champion.

Of what? Not of lager or vernacular grub or traditional Sunday lunch, all things worth championing, but of British and French cheese. Rance, 76, wrote the standard works on the subject, "The Great British Cheese Book" and "The French Cheese Book." The chief irony and injustice of his 40-year commitment to the finest, most artisanal, most "succulent" (Rance's word) farmhouse cheeses is that the French book may never be translated into French. Rance's publisher tells him that French publishers say they can't touch it because it's too big — 562 pages.

"It's got more in it than any of the others," he says. "I say that, Rance says, 'The others' include all of the works by his French friend Pierre Androuet, a retired, second-generation Paris cheese-ager and seller with a holy reputation in cheese circles. 'And it does attain my aim to give the state of French cheese from the mid to late '80s, before the worst effects of the EEC were felt.'"

Rance was referring to the EU's ruthless enforcement, starting in 1984, of the Milk Quota, which subsidizes volume: quality and diversity are the casualties. Under the Quota, he writes, "The farmer is prevented from expanding his cheese production because the milk supply for his

cheese must come from his own farm and is reduced by the Milk Quota."

The factory cheesemakers, on the other hand, are untouched by the regulations. They can increase their milk supply at will. In this way the path was paved for such "old treasures" as the last artisanal Brie de Montreuil disappearing from the roll call of French cheese, cutting into de Gaulle's reported complaint to Churchill about how impossible it was to govern a country with 246 or 265 or 324 or whatever number of cheeses. Curiously, who was elected Prince of Gastronomes in 1927, counted 483. By the time Rance finished researching his book, which was published in 1989, he had found more than 750.

"My book did not establish where things had happened, or where they are happening, which I feel is important," says Rance. "Because if you want to stage a cheese revival, you've got to know where the thing was made successfully before."

**C**A REER soldier who served in the 58th Regiment and who retired as a major in 1949, Rance next worked in the Conservative Party's research office. When, in an economy drive, the party decided to eliminate his department, he started casting around for a new life. Opportunity ads in The Evening Standard described village high-street grocery stores as being just the thing for "people in their declining years. Though this hardly applied to Rance and his equally cheese-loving wife, Janet — there were still children to come — they settled on a shop, Wells Stores, in Stretey.

As Rance remembers, "The only thing

the shop stocked when we took it over was Edam, New Zealand Cheddar and Danish Blue. Now I don't know if you've ever had the misfortune to eat any of those in the form in which they're usually sold . . ."

By the late 1970s, Wells was offering 200 British, French, Swiss, Italian and Dutch varieties. "Our family grew with the number of cheeses," says Rance. "Seven children, 200 cheeses — think of it, that's almost 30 times more cheeses than children." His son Hugh, who eventually took over the shop, sold it a couple of years ago.

Rance's desert island cheese? Wrong if you guessed Saint-Nectaire. Rather, it is a mature cheddar made on the farm with unpasteurized milk. Pasteurization kills, almost 100 per cent of bacteria and, with it, the esters that determine flavor and fragrance. Esters are carried by plant oils into the body fat and mammary glands of cows, sheep, and goats. From there they are carried into milk and, finally, cheese.

"First of all there's the aroma," Rance says of his desert island cheddar, "which you've got to smell as the cheese is cut, before it forms a protective skin — a rich, slightly sweet aroma. You know what a good French Beaufort smells like? It's not dissimilar. To the touch this cheddar is firm but not oppressively hard. And it has a fairly close texture. You can crumble it, it's not rubbery. The initial taste on the tongue is just as rich as the aroma. There's a long aftertaste, as with wine."

Christopher Perkins is the author of a history of the New York decorating firm Parish-Hadley, which will be published next year.



Jeffrey Tate, who is conducting the "Ring" in Paris.

## Bayreuth on Seine: The 'Ring' Resumes

International Herald Tribune

**T**HE major musical project of the year in Paris, the complete production of Wagner's "Der Ring des Nibelungen" by the Théâtre du Châtelet, begun in June with "Das Rheingold" and "Die Walküre," resumes Friday with "Siegfried" and Sunday with "Götterdämmerung," both starting at 5 P. M. These final two parts of the tetralogy will be repeated on Oct. 21-23 and Oct. 27-29, completing "cycles" begun in the spring.

Then two more complete cycles will be done on a Bayreuthian time span, the first on Oct. 31, Nov. 1, 4, 6, and the second on Nov. 8, 9, 11, 13. For those within reach of the radio antennas of France Musique, the final cycle will be broadcast, either slightly delayed or direct.

The musical architect of this "Ring" is Jeffrey Tate, with Radio France's Orchestre National in the pit. It is Tate's first complete "Ring," yet he brings deep and varied experience to it, having been in on the musical preparation of the cycle under Georg Solti, among others, at Covent Garden, then assistant to Pierre Boulez for the centennial "Ring" at Bayreuth in 1976-80, an experience he credits with generating his own conducting career. Pierre Strosser is both stage director and set designer, with Patrice Cauchetier the costume designer.

A parallel event is "Wagner: Le Ring en Images," an exhibition open daily from Oct. 14 to Jan. 4, 10 A. M. to 8 P. M., in the Galerie Mansart of the Bibliothèque Nationale in Paris. It consists of a large part of the Wagnerian library of Bruno Lussato, the largest private Wagner collection outside Bayreuth. The exhibition includes manuscripts, letters, annotated scores, printed scores and other published material, and a rich store of iconography.

David Stevens

### BELGIUM

**Antwerp**  
Musée Plantin-Moretus, tel: (33) 02-94, open daily. To Dec. 31: "Anvers: Centre Typographique Dissident." Documents the role of Antwerp printers in the 16th-century conflicts between English Protestants and Catholics.

**Bruges**  
Groeningemuseum, tel: (50) 34-79-59, open daily. Continuing/To Nov. 15: "Hans Memling: Five Centuries of Reality and Fiction."

### BRITAIN

**Edinburgh**  
Britannia Plus Festival, tel: (728) 45-35-43, Oct. 20 to 23. Focuses on the relationship between Benjamin Britten and French composers Darius Milhaud and Francis Poulenc. Includes performances of Poulenc's "Dialogue des Carmélites" and Milhaud's "Quartet No. 3."

**London**  
English National Opera, tel: (71) 839-5181. A revival of "The Magic Flute," directed by John Adams, conducted by Martyn Brabbins/Alex Ingram (from Nov. 19), with Neil Archer/Thomas Randle, Rebecca Caine/Gillian Webster and Quentin Hayes/Alan Ode. Oct. 20, 26, 29, Nov. 2, 5, 8, 10, 12 and 17.

Hayward Gallery, tel: (71) 928-3144, open daily. Continuing/To Nov. 15: "The Romantic Spirit in German Art 1780-1850."

National Gallery, tel: (71) 839-3321, open daily. To Dec. 4: "Themes and Variations: Ideas Personified." Thirty allegorical paintings that depict abstract concepts in human form. Includes personifications of Charity by Cranach, Van Dyck and Reynolds, as well as the "Four Ages of Man" by Nicolas Poussin.

National Portrait Gallery, tel: (71) 839-3526, open daily. To Jan. 22: "The Stewards and the Arts of the 1920s and '30s." Celebrates the lives and art of Edith, Osbert and Sacheverell Stowell, with family portraits and other works reflecting their association with the Bloomsbury Group, the Ballets Russes and other contemporary artists.

Royal Academy of Arts, tel: (71) 494-8615, open daily. Continuing/To Dec. 14: "The Glory of Venice: Art in the 18th Century." Tate Gallery, tel: (71) 887-9000, open daily. To Jan. 8: "James McNeill Whistler." 75 paintings and 120 works on paper emphasize particular themes: the Nocturnes, his works as a designer, the pastels and the full-length portraits. Includes "Nocturne: Rain, Great Street," described by John Ruskin as a "spot of paint flung in the public's face."

David Stevens

### CANADA

**Toronto**  
Art Gallery of Ontario, tel: (416) 977-0414, closed Tuesdays. Continuing/To Dec. 31: "From Cézanne to Matisse: Great French Paintings from The Barnes Foundation."

### DENMARK

**Copenhagen**  
The Royal Danish Opera, tel: 33-32-20-20. "Prokofiev's The Love for Three Oranges," directed by Flemming Flindt, conducted by Jan Latham-Koenig, with John Laursen and Christian Christensen. Oct. 18, 22, 25, Nov. 10 and 15.

### FRANCE

**Paris**  
Fondation Cartier pour l'Art Contemporain, tel: 42-18-56-50, closed Mondays. To Oct. 23: "Chuck Close: Hull, Raines and Recentes." Oil paintings based on reproduction of photographs through the use of lines and squares.

Grand Palais, tel: 44-13-17-17, closed Tuesdays. Continuing/To Jan. 8: "Gustave Caillebotte, 1848-1894." Also, to Jan. 2: "Nicolas Poussin."

Musée-Galerie de la Sette, tel: 45-56-30-18, closed Sundays. To Nov. 13: "Käthe Kollwitz." More than 60 drawings (portraits and nudes) from American collections.

Musée du Petit Palais, tel: (1) 42-65-12-73, closed Mondays. To Jan. 8: "De Bagdad à l'éphémère." From the collections of the Institut for Oriental Studies in St. Petersburg, illuminated manuscripts dating back to the 16th century; Persian and Mogul miniatures, and copies of the Koran, documenting Islamic civilization.

### GERMANY

**Berlin**  
Brocke-Museum, tel: (30) 831-8029, closed Tuesdays. Continuing/To Nov. 27: "Der Frohe Kändisling." More than 100 paintings, drawings and prints dating back to the years 1900 to 1910, before the beginning of his abstract work.

Kunststiftung, tel: (6151) 88-11-84, closed Mondays. To Nov. 20: "Zhou Brothers: Chinese Symbolism." Vier Hande, Zwei Brüder, Ein Gemälde. Recent nonfigurative paintings by two contemporary Chinese brothers.

Munich  
Lenbachhaus, tel: (88) 233-20-00, closed Mondays. To Nov. 27: "Tanzania." Features 400 pieces of traditional East African sculpture, some of which can be linked to Art Brut and to contemporary trends in German sculpture.

Stuttgart  
Staatsgalerie, tel: (711) 212-4050, closed Mondays. To Jan. 8: "Max Beckmann: Meisterwerke aus St. Louis." On loan from the St. Louis Museum, paintings by the German artist. Features the triptych "Die Akrobaten," painted during his Amsterdam exile after he fled Nazi Germany in 1937.

### ISRAEL

**Jerusalem**  
The Israel Museum, tel: (2) 708-911, open daily. To Nov. 15: "John Heartfield." Anti-Nazi satirical photographs created between 1930 and 1939 by the German artist who fought against Nazism, capitalism and war. Also, to Jan. 9: "Camille Pissarro: Impressionist Innovator." A retrospective of 125 oil paintings by the French Impressionist, from early drawings to works completed in 1944, the year of his death.

### NETHERLANDS

**Amsterdam**  
Stedelijk Museum, tel: (20) 5732-911, open daily. To Nov. 27: "Asger Jorn." A retrospective of 100 paintings and drawings by the Danish artist (1914-1973). Jorn's color paintings are inhabited by mythical figures, strange animals and human faces.

### RUSSIA

**St. Petersburg**  
Hermitage Museum, tel: (812) 219-8857, closed Mondays. To Oct. 30:

"Nicholas and Alexandra: The Court of the Last Russian Czar." 600 objects including costumes, jewelry and portraits of members of the imperial family and other famous people of the time.

### SPAIN

**Barcelona**  
Fundació Joan Miró, tel: (93) 329-19-08, closed Mondays. To Nov. 20: "Erwin Bechtold: Painting - Graphics - Integration." A retrospective of the work of the German Informalist painter. Includes 140 paintings, drawings, graphic works, as well as documents relating to the artist's involvement with architecture.

**Madrid**  
Fundació La Caixa, tel: (1) 43-54-833, closed Mondays. To Nov. 13: "Kandinsky/ Mondrian: Dos Caminos hacia la Abstracción." Documents the parallels and differences between the two painters in their early phases. Both started as figurative painters, although Kandinsky later developed an abstract style while Mondrian adopted a geometric idiom.

Museo Thyssen-Bornemisza, tel: (91) 369-0151, closed Mondays. To Feb. 12: "El Siglo de Oro del Paisaje Holandés." More than 70 Dutch paintings from the 16th and 17th centuries, including works by Rembrandt, Ruysdael, Meindert Hobbema and Jan van Goyen.

### SWEDEN

**Stockholm**  
Nationalmuseum, tel: (8) 666-42-50, closed Mondays. To Jan. 8: "Goya." 50 paintings and 60 prints on loan from the Prado Museum in Madrid, the National Gallery in London and the Metropolitan Museum in New York.

### SWITZERLAND

**Lausanne**  
Fondation de l'Hermitage, tel: (21) 320-50-01, open daily. Continuing/To Oct. 30: "Les Peintres de la Vallée de l'Arve." 20 works each by Modigliani and Soutine, landscapes by Utrillo and several paintings by Kisting.

### UNITED STATES

**Atlanta**  
High Museum of Art, tel: (404) 898-9284, closed Mondays. To Nov. 27: "William de Kooning." 50 paintings, drawings and sculptures from 1939 to 1965. Includes "Queen of Hearts," a portrait anticipating de Kooning's mature figurative style. "Zurich," one of the abstract paintings of the late 1940s, and paintings and drawings from the "Women" series of the 1950s.

**New York**  
Solomon R. Guggenheim Museum, tel: (212) 423-3840, closed Mondays. To Feb. 26: "Good Offices and Beyond: The Evolution of the Workplace." Explores the major themes in the office environment — the management of time, numbers, paper and information.

Metropolitan Museum of Art, tel: (212) 570-3951, closed Mondays. To Dec. 31: "The Photographs of Edouard Beldieu: Landscapes and Monuments of France." Photographs by the 19th-century artist including excerpts from his survey of French landscapes, landscapes and scenes of daily life.

Museum of Modern Art, tel: (212) 708-9400, closed Wednesdays. To Jan. 3: "American Politicians." Examines how photography has illustrated and affected American politics. Features 150 photographs.

New York Public Library, tel: (212) 869-8089, closed Sundays. To Dec. 30: "The Raw and the Cooked: Images of the World." A selection of 150 prints, drawings and photographs of edibles, including works by Dorer and Warhol.

### JAPAN

**Yokohama**  
Yokohama Museum of Art, tel: (45) 221-0300, closed Thursdays. To Nov. 8: "Onchi Koshiro. A Poet of Colors and Forms." Features 280 works, including prints, book designs, photographs, drawings and oil paintings by the Japanese artist (1891-1965).

**NETHERLANDS**  
Amsterdam  
Stedelijk Museum, tel: (20) 5732-911, open daily. To Nov. 27: "Asger Jorn." A retrospective of 100 paintings and drawings by the Danish artist (1914-1973). Jorn's color paintings are inhabited by mythical figures, strange animals and human faces.

**RUSSIA**  
St. Petersburg  
Hermitage Museum, tel: (812) 219-8857, closed Mondays. To Oct. 30:

## Down and Dirty in Hollywood

By Kathryn Wexler

Washington Post Service

**L**OS ANGELES — Some would say the sun set long ago on Hollywood Boulevard, once a playground for every rising star. First the tawdry souvenir shops crumbled, then the chichi boutiques. Then, to the chagrin of Hollywood-crazed tourists, bronze stars bearing the names of the famous who had stopped coming to the boulevard were slapped into the sidewalks. But it wasn't until prostitutes made the boulevard a red-light district and panhandlers came in droves that the faded street seemed to sink to an all-time low.

That was before August 1994. Hollywood Boulevard has now descended to a level never before thought possible — four to nine inches below where it used to be, to be exact.

The trouble began with an unremarkable

plan to bore a large hole beneath the famed nine-block drag to make way for a spiffy new subway, one that would connect one end of sprawling Los Angeles to another. But Hollywood Boulevard's underpinnings are a veritable Pandora's box. Water mains got in the way of construction and broke. The workers instantly ran into mushy soil that dribbled rather than hardened. Grouting around the tunnel that would normally keep soil from slipping and settling was used only in places.

Hence, an icon of American culture and one of the most recognizable streets anywhere began sagging around the edges.

The sinking in itself isn't catastrophic. Workmen scurried to make superficial repairs on the warped floors and inch-wide cracks that appeared in the stores lining the street after the nearly overnight plunge. Instead, it's the generators, the dust, the portable toilets, the traffic, the ripped-up sidewalks and the trenches that detract

from a stroll down Hollywood Boulevard.

Bart Sterling, owner of a storefront tour company-cum-Coca-Cola memorabilia shop, who has been doing business on the strip for 26 years, wonders if the merchants will be around long enough to reap the benefits of the subway once it's finished. He said passengers on his Hollywood Fantasy Tour are down 80 percent since the work began about seven weeks ago.

Sterling has seen rosier times. "I was in 2,000 movies and a big star until I started this tour business," he said, next to a window displaying a 2-by-3-foot photo taken more than 30 years ago of a handsome, young Sterling with low brows and a high hairline. He's weathered riots, earthquakes, and economic downturn, but the Red Line subway might just be the clincher, he said.

"Nobody comes here anymore," Sterling said. "This is the most well-known street in the world, and it's just being ruined."

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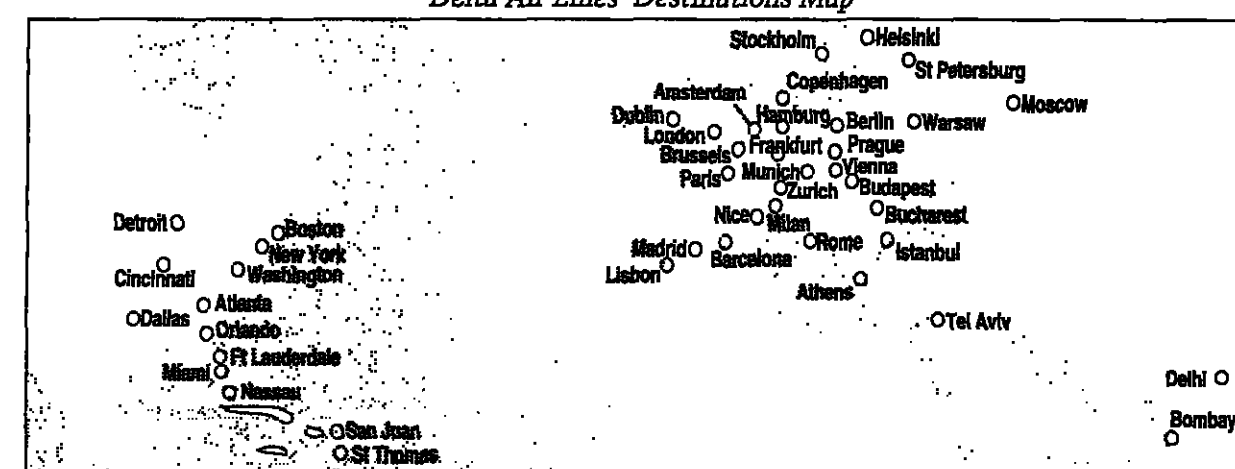
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**Herald Tribune**



# Lifting of Sanctions Eagerly Awaited by Business World

By Brandon Mitchener  
International Herald Tribune

FRANKFURT — While Saddam Hussein's latest saber-rattling sounds alarms in diplomatic and military circles, it is provoking groans among countries and companies that have been waiting four years to do business with Baghdad.

Those hopes, faint before, are now even fainter.

"When the trade sanctions are lifted, there's an enormous job to be done rebuilding the country's infrastructure," said Klaus-Dieter von Horn, a German Economics Ministry official in charge of Middle Eastern

affairs. "Of course everyone wants to get involved. A lot of companies will be interested." Given the current situation, however, "the likelihood of the sanctions being lifted anytime soon has shrunk," he said.

Before sanctions were imposed in 1990, Germany was Iraq's single biggest source of imports, followed by the United States, Turkey, France, Britain and Japan. Those countries, along with Brazil and the Netherlands, were also the biggest recipients of Iraqi exports, mostly oil.

While trade with the Middle East accounts for only 3 percent

to 4 percent of Germany's overall foreign trade, the region is considered a strategic export priority because of its massive demand for telecommunications, construction, transportation and other services in which German companies excel.

German exports to Iraq fell from 2.2 billion Deutsche marks (\$1.4 billion) in 1989, before Iraq invaded Kuwait, to 69.4 million DM in 1993. Medical supplies, food and certain other goods are excluded from the embargo.

Now, it has fallen to France, China and Russia, more than Germany, which has no seat on

the United Nations Security Council, to lobby that the four-year-old trade sanctions be lifted. They have done so frequently, without success. The United States and Great Britain have opposed any easing of trade sanctions as long as Iraq refused to recognize Kuwait.

Sources said Iraq has been putting pressure on foreign companies to enter contracts now that would not take effect until the trade embargo is lifted. German companies are forbidden from conducting such forward contracts with Iraq, but other countries enforce the trade embargo with greater discretion.

One of the most lucrative areas for foreign trade with Iraq is oil exploration. With around 100 billion barrels of petroleum reserves, Iraq has the world's second largest known supply of crude oil after Saudi Arabia.

In 1990, Iraq exported around 2 million barrels of crude oil worth an estimated \$10.2 billion, but oil exports came to a stop with the embargo, costing the country dearly.

Elf Aquitaine and Total, two French state-owned oil companies, have admitted to talking with Iraqi officials about possible business dealings once trade sanctions are lifted.

"We've never denied that

we've been talking with them," said a spokesman for Elf Aquitaine. "But we'd never expect to do anything as long as the embargo is in place."

Many other companies, including some in the United States, are said to be conducting similar preliminary negotiations without talking about it openly.

In any case, Elf, Total and other companies deny already having signed contracts with Iraq to take effect later.

Another country with strong traditional ties to Iraq is Russia. Indeed, Russian Deputy Foreign Minister Igor Ivanov and the head of the ministry's Middle East Department, Victor Posuvalyuk, who arrived in Baghdad on Wednesday to act as mediators in the conflict, were quoted as saying they favored a lifting of the embargo.

But the Moscow daily Izvestia, in an editorial published Wednesday, warned Russian President Boris Yeltsin — and other governments — not to rush to sign contracts without considering the stability of the current regime.

"Oil talks with Iraqi delegates are now senseless because the embargo will probably not be lifted until Saddam yields power. If that happens and new people take the helm, they will probably want nothing to do with us," the newspaper wrote. "That will leave us not only with no repayment of outstanding debts, but no arms contracts and no oil contracts."

Many companies have apparently drawn the same conclusion and are keeping Iraq at arm's length until trade frictions are fully resolved. "The subject of Iraq has been dead since the sanctions were imposed," said Gustav Mayert, a spokesman for Siemens AG, Germany's biggest electrical engineering group.

## U.S. Sees Quick UN Action on an Iraq Buffer Zone

By Joseph Fitchett  
International Herald Tribune

PARIS — The United Nations Security Council may be able to act as early as next week on a plan to declare a buffer zone between Iraq and Kuwait where any intrusion of elite Iraqi armored units could trigger military retaliation by coalition forces, U.S. officials said Thursday.

Although details remain to be worked out, the formula would curb Iraq's ability to tie down large numbers of U.S. forces in Kuwait. It would give allied air power an opportunity to decimate armored forces as they crossed the desert toward Kuwait.

The advantage of this plan is that it would leave some Iraqi forces in place to avoid a vacuum of power that neighboring Iran might exploit. The phrase used to describe the plan is status quo ante, meaning Iraq should not again increase its normal force levels in the southern region.

U.S. officials said that, judging by preliminary assurances, action along these lines will be supported by

France, Britain and Russia. "None of these countries wants to contradict both the United States and Saudi Arabia for the sake of Saddam," a Clinton administration official said.

In objecting to an earlier proposal floated by the Clinton administration, to create a fully demilitarized zone in southern Iraq, French officials argued that their real concern focused on the risk of infiltration by Iraqis to link up with their fellow Shiite Muslims in Iraq.

But French officials also sought to play down the impression that Paris was soft on Iraq, especially after a meeting of Saudi Arabia and the smaller Arab states in the Gulf called for action to curb Iraq's military movements.

The Gulf states at the Kuwait meeting also rejected an overture from the Arab League for mediation, saying that the U.S.-led coalition could handle the crisis, Arab diplomats said.

Saudi Arabia and its Arab neighbors have agreed to repay the United States for much of the cost of defending Kuwait. It was not disclosed

whether other nations, such as Germany and Japan, would be asked to help.

While Washington has refused to rule out the possibility of bypassing the Security Council if necessary, the White House decided to shelve the more sweeping plan urged by its top military and national security aides. Officials said that President Bill Clinton was swayed mainly by objections from other U.S. agencies. The State Department argued that a move perceived as unilateral might create a precedent exploitable by Russia in intervening in crises on its perimeter.

The more limited option meets the basic objective of placing Kuwait out of range of Iraqi artillery. But it does less to bottle up Iraq's armed forces in the center of the country, a strategy that could "cause the Iraqi military establishment to question whether Saddam can keep control of the national territory," according to John Chipman, director of the International Institute of Strategic Studies in London.

He made the comment, reflecting

the underlying U.S. aim of toppling the Iraqi leader, while presenting the institute's annual survey of the world's military forces, which showed enough U.S. power in Kuwait to repel an Iraqi invasion if defenders have warning time.

The key factor there is U.S. air power, much of it equipped to find and knock out tanks, even at night.

Another drawback to letting some Iraqi forces stay is the need for closer monitoring to detect a buildup. Deserter from the Iraqi Army, however, can flesh out detailed surveillance pictures provided by J-Stars, an aircraft that has come into full service since the 1991 Gulf War.

Publicly, the Clinton administration largely ignored criticism from Paris. Reacting to a French government minister's remark suggesting that U.S. foreign policy was more vulnerable to domestic political pressures than French diplomacy, Madeleine K. Albright, the U.S. ambassador to the UN, said simply that the French remarks were "ill-informed and counterproductive."

## GULF: Saddam Offers a Deal on Recognizing Kuwait

Continued from Page 1

stalled to check that Iraq does not rebuild its weapons of mass destruction. After this period, the Security Council should lift the sanctions. (A.P. Reuters)

### U.S. Slows Buildup

Paul F. Horvitz of the International Herald Tribune reported earlier from Washington.

U.S. military officials said Thursday that they would marginally reduce and slow their deployment to the Gulf after reporting what Mr. Clinton called "a broad retreat" of Iraqi forces from the Kuwaiti border. But a Pentagon official said that the 155,000 U.S. troops placed on alert earlier this week would remain on alert status.

"I am pleased to say that Iraq

heard our message," Mr. Clinton told a group of broadcasters. "Its forces have begun a broad retreat from the border area."

"We're watching the situation very, very carefully," he added, "and we'll continue to deploy our forces in the Gulf until we're satisfied that Iraqi troops no longer pose an immediate danger to Kuwait."

Earlier, the overall commander of U.S. forces in the Gulf, General J.H. Binford Peay 3d, said the United States had "defused the crisis" and that the U.S. deployment had been slowed "at the margins."

### 30,000 to Be Deployed

The United States plans to deploy 30,000 troops in the

Gulf and store a division's worth of armored equipment there even if Iraq continues to withdraw its troops from the Kuwaiti border, Defense Secretary William J. Perry said Thursday. The New York Times reported from Jidda.

The steps are part of a broad plan to contain Iraqi military power and would represent a marked increase in the American military presence in the region.

The ground troops would be withdrawn over a period of weeks if the Iraqis completed their withdrawal and refrained from belligerent actions. But Mr. Perry said that many of the additional warplanes would remain indefinitely.

## ARAFAT: More Pressure

Continued from Page 1

Friday unless Israel met a demand for the release of the jailed Hamas founder, Sheikh Ahmed Yassin, and more than 200 other Palestinian prisoners.

The young man was still alive, the leaflets said, although the kidnappers offered no proof like a grainy videotape made public on Wednesday that showed Corporal Waxman, bound and plainly frightened, pleading for his life. Sheikh Yassin, too, appealed to the abductors not to kill the soldier in an interview from prison with Israeli television.

There was no sign, however, that the Israelis were about to negotiate the Hamas demands. The impasse left Israel and the PLO mired deeper than ever in their worst crisis since Palestinian self-rule began five months ago in Gaza and the West Bank town of Jericho.

It seemed to many political figures and commentators here that the two sides were at a turning point, with the future of peace negotiations imperiled at the very moment — also Friday — that Mr. Rabin and Mr. Arafat reportedly are to receive the Nobel Peace Prize.

"I see this as a fundamental test with far-reaching implications for the future," Mr. Rabin said.

Hamas has embarrassed and weakened the PLO leader in the eyes of many Palestinians by pushing him into a corner, where he is forced to choose whether to alienate his Israeli negotiating partners or the sizable portion of the Palestinian public that considers the Islamic attackers as heroes.

## ASIA: Europe's 'Arrogance' Cited

Continued from Page 1

sharply in the same period, as European businesses focused first on the opportunities of an integrated market at home and then on the needs of East European countries newly liberated from Communist control.

Fidel Ramos, the president of the Philippines, said that the Europe-East Asia meeting in Singapore was taking place in an atmosphere that was "certainly more optimistic" than the two groups' inaugural gathering in Hong Kong last year.

Mr. Ramos said that there was a "vast reservoir of goodwill and even admiration" in East Asia for Europeans.

East Asians admired Europe's culture, technology, economic power and "the way you have softened individual enterprise with compassionate social values," he added.

Mr. Mahathir noted as well that East Asians still had to "fully discover Western Europe" and its economic potential.

But he said that before there could be the kind of "partnership of equals" between East Asia and Europe that the European Commission has urged, Europeans would have to accept that Asian ways of business, economics, politics and administration would not be carbon copies of those in the Union.

Reflecting resentment among many East Asian governments at previous attempts by the EU to link human rights standards to trade or aid, he said that no Asian country had demanded that European states reform themselves.

But Mr. Mahathir said he was sure that there were many

Asian leaders who, in their more exuberant moments, thought they could "solve the Serbian atrocities in Bosnia, the Basque problem, the income inequalities between northern and southern Italy, the problem of homelessness in rich societies, drug addiction, classroom violence, vandalism and the ridiculous health systems" in Western Europe.

Exports from East Asia are widely blamed for displacing domestic production in the West, thus increasing domestic unemployment and contributing to economic stagnation.

Some Western politicians and media commentators have asserted that East Asian exports are competitive because they rely on labor that is exploited and underpaid and on labor practices that would not be tolerated in the West.

Mr. Lee said that in reality, exports from Asian developing countries make up less than 4 percent of total consumption of manufactured goods in developed nations.

He said it was technological change, not competition from poorer countries, that was the basic cause of unemployment in the Union and the United States.

"Because European wages and social costs are high, managements avoid hiring more workers by increasing automation, computerization and robotics," he said. "So their demand for highly educated labor is increasing, but their demand for unskilled labor is falling."

The meeting, held by the World Economic Forum, which organizes an annual gathering of international leaders in Davos, Switzerland, ends Friday.

## CULT: Suicide Theory Is Revived

Continued from Page 1

was later found in Switzerland. Nonetheless, many questions remain unanswered. The sect owned extensive properties in Switzerland, France and Canada, but was it also engaged in money laundering and arms trafficking, as the Canadian police and Swiss press reports have suggested? And what were its activities in Australia?

Even more pertinently, what exactly happened on the night of Oct. 4 at the farmhouse in Cheiry, a village 80 kilometers (50 miles) north of here, and at the three wooden chalets at Granges-sur-Salvan, 70 kilometers east of here? Indeed, what prompted the sect's leaders to renounce wealth and power and choose to die?

Having first said they suspected collective suicide, the Swiss police then concluded that some of the victims had been murdered, since 20 of the 23 bodies found in Cheiry had bullet wounds, 10 had plastic bags over their heads and at least one had his hands tied.

Dr. Thomas Krompecher, who is heading the team of pathologists in Lausanne examining the corpses, said Dr. Journet, whose body was found at Granges, had not been shot but

that the cause of his death was not yet known. "His body was very badly burned," he said. "We were lucky. He was identified through his dental records."

While relatives insisted that the victims would never have committed suicide, the judge investigating the deaths at Cheiry, André Filler, said the sect members might have known — and accepted — that they were going to die and might have been shot after losing consciousness.

On the other hand, one sect document sent to newspapers last week clearly suggested a combination of suicide and murder, noting that some members of the order had not reached the state of consciousness required to understand the need to leave this world and should be "gently" helped to die for their own benefit.

All but one of the bodies at Cheiry were found in the sect's mirror-lined meeting room. Nineteen were lying in a circle with their heads pointing outward, and many were wearing white, red and black ceremonial capes denoting their rank in the order. Fire fighters who found the bodies said there were no signs of a struggle.

One of the weapons used at Cheiry, a 22-caliber pistol with a silencer, was later found at Granges, which meant that one or more people drove the 160 kilometers between the villages in the middle of the night. The fires that drew attention to the deaths in Granges began some three hours after a similar fire at Cheiry.

## U.S.A.: More Broccoli

Continued from Page 1

has gained a wider acceptance. In 1970, per capita consumption of broccoli was half a pound; by 1992 it had increased to 3.4 pounds (1.5 kilograms).

"For us to make such changes in our food consumption over a 20-year period is really remarkable," said Lars Johanson, chief of the Statistical Abstract Section of the Census Bureau. "To some extent the nutritionists should pat themselves on the back."

The report also offers data on the United States' most obdurate problems. Though more Americans are graduating from high school, the scores on Scholastic Assessment Tests have plummeted. In 1993, the average SAT score for the verbal portion was 424, and for the mathematics section, 468; 30 years earlier, the average was 466 for the verbal part, and 492 for math.

Conversely, while test scores have declined, the amount of money Americans spend on books has increased — to \$16.5 billion in 1992 from \$10.5 billion in 1970. And the amount of money spent on newspapers and magazines rose to \$20.5 billion from \$13.2 billion in the same period.

But that increase is dwarfed by the surge in the amount spent for video and audio equipment and personal computers. Spending in that category ballooned to \$70.3 billion in 1993 from \$8.8 billion in 1970.

## ULSTER: Protestant Terrorists Declare a Cease-Fire

Continued from Page 1

three months before talks can begin.

"We still have to reach a situation where we are satisfied it is permanent," he said Thursday. "If we snatch at these things it is going to slip away. We need to retain the confidence and trust of all the people of Northern Ireland."

Ironically, it has been the government's caution that to some degree assuaged the fears of Protestant "loyalists" who are "loyal" to Britain. They initially worried that the IRA must have laid down its arms because of a secret deal with

London. But as time went on, and London remained seemingly ambivalent, the anxiety lifted, eventually making it possible for the Protestant paramilitaries to match their Catholic antagonists in turning away from the armed struggle.

Now, London's position is less effective because it is refusing to recognize a cease-fire whose legitimacy is granted even by the most extreme Protestant fighters. Pressure is bound to mount upon the British government to get exploratory talks moving. London and Dublin are working on a "framework" document that

would serve as a guide to the talks.

Both Washington and Dublin have made it clear that they would like to see a faster pace and that London should not squander the opportunity.

In the 43 days of the cease-fire, the IRA has refrained from all acts of intercommunity violence, despite some provocations by the loyalist side. The Protestant paramilitaries murdered a Catholic worker the night of the cease-fire, set off a bomb near a Sinn Féin office and planted a detonating device, which only partially exploded, on a train to Dublin.



Kenzaburo Oe outside his Tokyo home Thursday

## Excerpts From Novels

The Associated Press

Following are excerpts from the writings of Kenzaburo Oe, who was awarded the Nobel Prize for Literature on Thursday. In this scene from the novel "A Personal Matter," the protagonist, a young father, is with the lover he has taken after learning his firstborn child suffers from a birth defect. The translation from the Japanese is by John Nathan.

"They were watching the midnight news, Bird in bed on his stomach, lifting only his head like a baby sea urchin, Hisako hugging her knees on the floor. The heat of day had departed and like primeval cave dwellers they were enjoying the cool air in nakedness. Since they had turned the volume way down with the telephone bell in mind, the only sound in the room was a voice as faint as the buzzing of a bee's wings. But what Bird heard was not a human voice endowed with meaning and mood, nor was he distinguishing meaningful shapes in the flickering shadows on the screen. From the external world he was letting in nothing to project its image on the screen of his consciousness. He was simply waiting, like a radio set equipped with a receiver only, for a signal from the distance which he wasn't even certain would be transmitted."

From "The Silent Cry," translated by John Bester: "Even before the eye injury I was already showing more and more clearly a quality of ugliness that often reminded me how mother had prophesied that, when we grew up, my brother would be handsome and I would not. The lost eye merely emphasized the ugliness each day, throwing it into constant relief. My born ugliness would have liked to hang back, silent, in the shadows; it was the missing eye that continually dragged it out into the limelight. Not that I neglected to assign a role to this eye: I saw it, its function lost, as being forever trained on the darkness within my skull, a darkness full of blood and somewhat above body heat. The eye was a lone sentry that I'd hired to keep watch on the forest of the night within me, and in doing so I'd forced myself to practice observing my own interior."

## NOBEL: Japanese Writer Honored

Continued from Page 1

condense to form a disconcerting picture of the human predicament today."

The Academy also cited the impact Japan's defeat had on his development. "The humiliation took a firm grip on him and has colored much of his work," it said. "He himself describes his writing as a way of exorcising demons."

In a telephone interview Thursday evening, Mr. Oe, a voluble if somewhat solemn man, said the call from Stockholm, at a little before 9 P.M. local time, had come as a thunderbolt.

"It was a total surprise," he said. "Completely. Total."

While he has often spoken of his ambiguous feelings about Japan, he said he was proud the Academy had recognized the strength of modern Japanese literature and hoped the prize would encourage others here.

"I believe I am a very Japanese writer," he said. "I have always wanted to write about our country, our society and feelings about the contemporary scene. But there is a big difference between us and classic Japanese literature."

He said that, ultimately, his writing was focused on a single concern. "I am writing about the dignity of human beings," he said, as a throng of reporters gathered in front of his home in a festive mood.

Mr. Oe is the 91st recipient of the Nobel Prize in Literature, which was received last year by Toni Morrison of the United States. The award includes a \$930,000 payment.

The owl, often detached-looking Mr. Oe grew up in a small village on the Japanese island of Shikoku, steeped in Japan's rural traditions and wartime propaganda. The sense of wonder and security he seems to have felt in those innocent days — before the atomic bomb was dropped and an emperor he was taught to regard as divine announced that Japan had been defeated — appears again and again in his works.

In the interview, Mr. Oe compared himself with Kobo Abe, the author of the surrealistic and disorienting novel "The Woman in the Dunes," as well as with Shobei Oka, who wrote about the horrors of the fighting in the Philippines during the war, and Masuji Ibuse, who is best known for "Black Rain," a novel about the victims of the atomic bombing.

"They treated the way to the Nobel prize," Mr. Oe said. "I am the youngest one of that group. I received the prize in their place."

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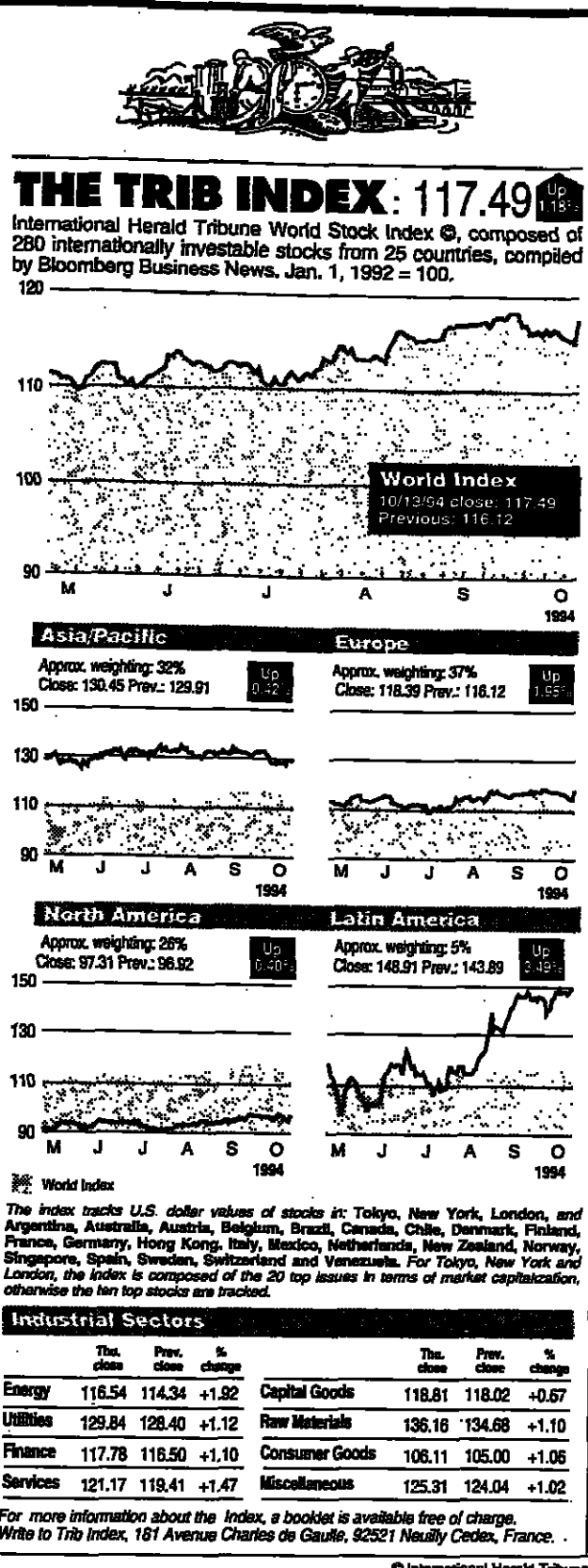












## Plot Thickens in Film Industry

### Studio Marks Major Shift

By Bernard Weinraub  
*New York Times Service*

LOS ANGELES — Plans by Steven Spielberg, David Geffen and Jeffrey Katzenberg to form a new motion-picture, animation, television and entertainment company — whose creation could involve reclaiming ownership of Universal Pictures from its Japanese owners — represent a seismic shift in Hollywood's traditional studio system.

The union of three of the most powerful brokers in Hollywood to own and run their own studio marks the biggest merger of talent since Charlie Chaplin, Mary Pickford, Douglas Fairbanks and D.W. Griffith founded the United Artists movie empire in 1919.

It also underscores the financial and creative turmoil rocking Hollywood studios, including Sony Pictures, which also has Japanese owners that have lavished hundreds of millions of dollars on salaries, buildings, buyouts and, in many cases, failed movies.

### The Spielberg-Katzenberg-Geffen union underscores the financial and creative turmoil at Hollywood studios.

"This has got to be a 'dream team,'" said Mr. Katzenberg, who quit his job as chairman of Walt Disney Studios in August after failing to gain a promotion at Disney. "Certainly it's my dream."

Mr. Katzenberg, 43, was flanked at a news conference announcing the plan by his two close friends, Mr. Spielberg, 46, the movie director, whose net worth is more than \$600 million, and Mr. Geffen, 50, a billionaire record impresario, investor and producer.

Mr. Katzenberg went out of his way to speak warmly of his former boss, Michael D. Eisner. But the new studio could have a direct and long-term negative

impact on Disney, notably in animation.

One development that could shape the structure of the new studio is that the company for which Mr. Spielberg currently produces movies, MCA Inc., and its Universal Pictures unit, may be repurchased from Matsushita Electric Industrial Co. of Japan and combined with the new company.

Matsushita bought MCA for \$6.1 billion in 1990, but MCA's top executives have bristled under the foreign ownership.

Even if the MCA deal does not materialize, Mr. Spielberg, Mr. Geffen and Mr. Katzenberg would seem to have the financial wherewithal to create a powerful new film and entertainment company.

The three men said they expected the first of their studio's movies to go into production next year. Although they declined to discuss the initial costs of the venture, the three are believed to be combining more than \$100 million of their own funds as a start-up.

During the next five years, one of them said afterward, the necessary capital would be probably reach \$1 billion to \$2 billion. But Mr. Katzenberg contended that raising financing would not be a problem, given the track record and reputations of the partners.

"We start off self-financed," said Mr. Katzenberg. "We're very confident." The new studio, he said, appeared to have "unlimited financial resources" from Wall Street and the business community.

Privately, one of the partners said that once filmmaking began, the company would use

### A Matsushita-MCA Split?

By Andrew Pollack  
*New York Times Service*

TOKYO — When rumors were circulating this year that Matsushita Electric Industrial Co. might sell a stake in its Hollywood movie studio to a cable-television operator, executives of the Japanese company denied any such intention.

"Matsushita has purchased a beautiful and tasty apple," Tsuzo Murase, an executive vice president, said in March. "If half the apple is cut and sold, the remaining half would not be as tasty."

Now the two U.S. executives who actually run the movie business want to buy a slice of the apple. But Matsushita's philosophy is likely to make it reluctant once again to sell.

Officials at the giant Japanese electronics company said Thursday that they were caught by surprise by reports from Hollywood on Wednesday that Lew R. Wasserman and Sidney J. Sheinberg, the chairman and president of MCA Inc., wanted to buy back the company from Matsushita and were contemplating quitting if they could not do so.

"I was so surprised, I never heard anything about it," Summu Ishihara, a director of Matsushita and head of public relations, said Thursday. Mr. Murase, the executive at Osaka headquarters who oversees the movie business, said he, too, did not know what was happening.

Both executives said they could not comment on what stance Matsushita would take if it were confronted by demands to sell all or part of MCA. But the Japanese officials reiterated Matsushita's general position that it has no interest in selling even a stake in MCA, which owns Universal Studios.

Mr. Murase, reached at his home near Osaka, said MCA had a banner year last year, largely because of the blockbuster movie "Jurassic Park," and that this year looked even better. He also said he saw no reason Mr. Wasserman and Mr.

Sheinberg should want to quit. Mr. Ishihara said he did not know of the friction between Hollywood and Osaka. He also said it had not yet been decided whether there would be a meeting next week between Matsushita and MCA executives.

On the Tokyo Stock Exchange, Matsushita's stock dropped only 10 yen to 1,690 (\$17), but the reports about MCA had not been widely disseminated here by the time trading closed.

MCA is only a small part of Matsushita, which makes video recorders, televisions, washing machines, rice cookers, telephones, robots, semiconductors and a host of other products that are sold under the brand names Panasonic, Technics, National and Quasar.

Matsushita has been hit hard by the recession in Japan, the rise of the yen and the lack of new hit products. Its earnings have declined for three consecutive years, although there are now signs of an upturn.

In the year that ended March 31, the company's entertainment business, of which MCA is the major part, contributed \$86.8 billion yen, about 9 percent of total consolidated revenue of \$64.3 billion. Operating profit in entertainment was 23.2 billion yen, about 13 percent of operating profit overall.

But analysts say the Hollywood business is more important than its size suggests in terms of Matsushita's image and its valuation on the stock market. "That's the asset that they're selling everyone is the future for them," said Joseph Osha, an analyst at Baring Securities in Tokyo. "Consumer electronics is just not a good business anymore."

Peter Wolff, an analyst with CS First Boston here, said, "The market would probably take it as a negative if Matsushita would be betting its future on hardware" by selling its software business.

## Inflation Data Give a Boost To U.S. Stocks

By Lawrence Malkin  
*International Herald Tribune*

NEW YORK — A surprisingly low inflation report on wholesale prices drained more anxiety out of the financial markets Thursday.

Bond yields fell, stocks firmed, and gold was cheaper because traders assumed the Federal Reserve would hold off on any interest rate increases at least until after next month's U.S. elections.

When economists were expecting a rise in the producer price index, plummeting energy and especially gasoline costs were the principal factors in a 0.5 percent drop in the index in September, the sharpest decline reported by the Labor Department since August of last year. The drop reversed two months of rises at roughly the same rate.

The core rate, which excludes food and energy prices, rose by only 0.1 percent, helped by price restraint in automobiles despite high consumer demand. Wholesale car prices actually dropped 1.1 percent.

In some ways, said David Munro of High Frequency Economics, the report was "almost too good to be true," but he expected the index to keep climbing at an annual rate of about 3 percent or less and to be reflected in a moderate consumer price index for September, which is due for release on Friday.

On Wall Street, the Dow Jones industrial average rallied more than 50 points in the first 12 minutes of trading as large investors piled into the market, forcing a curb on index-linked trading that was on and off for much of the day. Later in the session, however, enthusiasm wore off somewhat and the index closed at 3,889.95, up 14.80 points for the day.

Bond yields slipped across the board and the yield on the benchmark 30-year Treasury bond fell to 7.85 percent from 7.89 percent on Wednesday.

Gold for December delivery on the Commodity Exchange closed \$2 lower at \$388.60.

What has happened in the markets is largely a matter of Wall Street perceptions. Mickey Levy, chief financial economist for NationsBank, said that fears of higher inflation and interest rates had clouded markets as consumer demand failed to slow down this summer and that this had driven down stock and bond prices.

"People thought about other business cycles and figured the Fed would have to tighten a lot," he said. "They braced for

See INDEX, Page 14

## Microsoft Buys Intuit In \$1.5 Billion Deal

REDMOND, Washington — Microsoft Corp. said Thursday it would acquire Intuit Inc. in a \$1.5 billion stock transaction that would give Microsoft dominance of the personal finance software market.

The boards of both software companies agreed to the merger, in which each share of Intuit stock will be exchanged for 1.336 shares of Microsoft stock. The agreement ensures that Intuit shareholders will receive no less than 571 of Microsoft shares for each Intuit share.

Microsoft said it expected to issue about 27 million common shares and said this was less than 5 percent of its 581 million outstanding shares.

Microsoft also said it had entered into a separate agreement to divest its current personal finance software product, Microsoft Money, to Novell Inc., to avoid any competitive concerns.

Intuit is a leading developer of personal finance, tax preparation and small business accounting software. Its Quicken program dominates the personal finance software market.

Scott Cook, the founder of Intuit, will be responsible for Microsoft's future businesses in the personal finance area.

Earlier on Thursday, rumors of the merger drove Intuit's stock to an all-time high of \$50.25, up \$3.25, before trading was halted.

Intuit's share price has climbed 18 percent in the course of this week.

## WALL STREET WATCH

### Tackling Bottom-Fishing

By James K. Glassman  
*Washington Post Service*

WASHINGTON — To most stock market professionals, so-called bottom-fishing — buying stocks whose prices have collapsed in hopes of making a big score on the rebound — has the same appeal as playing long-shot horses has to most professional gamblers. That is, none.

Market technicians, who follow price charts, prefer to buy a stock after it starts moving up powerfully. More conventional money managers are embarrassed to have a disgraced stock in their published portfolios where their peers and clients can see it. Many fund managers automatically sell any stock that falls 15 percent or 20 percent.

But for small investors, a little bottom-fishing can make a lot of sense. Certainly, long-term money — for retirement or for a child's education — should be in strong stocks and diversified mutual funds. But that need not rule out the fun and profit of making a big killing in a company the pros hate.

The main reason bottom-fishing works is that when bad news hits a stock, the market frequently overreacts, making it possible to pick up bargains as others rush to get out.

A good recent example is Philip Morris Cos. In 1992, it was the most profitable U.S. company, hitting a high of \$85 a share. Then the stock lost nearly half its value as the market got the notion that brand names in cigarettes and food were losing appeal.

For most of 1993, Philip Morris was trading in the mid- to high 40s, even though its profit remained impressive. The market was paying just \$9 for every \$1 of the company's earnings — a price/earnings ratio of just 9.

Lately, Philip Morris has turned around, trading late Thursday in New York at \$60.75, a P/E of 14. For an investor who had bought the stock a year ago, the gain, including dividends, would be more than 30 percent.

To understand bottom-fishing, take a more modest case: Sallie Mae, the Student Loan Marketing Association, a U.S. government-chartered, privately owned company that buys and services loans that banks make to students. State and federal authorities guarantee that the loans will be repaid and mandate profitable interest-rate spreads.

Sallie Mae's earnings rose an average of 39 percent annually from 1973 to 1993, and the stock soared from \$10 a share in 1985 to \$74 in late January 1993. Then trouble hit. The Clinton budget brought in a new way to finance student loans — with money coming directly from the government. The new system will be phased in gradually, but by the end of the decade, 60 percent of student loans will bypass the middlemen.

As the budget moved to passage in early 1993, Sallie Mae's stock dropped sharply. It is now down to around \$32.50, less than half its high. Based on earnings estimates for 1994, that represents a P/E of 6 — about one-third of the company's average for the preceding four years.

Sallie Mae's executives are looking at several solutions to their problem, including complete privatization, getting into new businesses, making do with less or just buying back low-priced stock. Another alternative is that a future Congress will change the 1993 policy and cancel the direct-lending approach.

As is the case with most bottom-fishing, an

See FISHING, Page 18

## Body Shop Flexes Its Profit Muscles

Bloomberg Business News

LONDON — Body Shop International PLC said Thursday that its aggressive program to open stores had boosted earnings, as pretax profit rose 23 percent in the six months that ended Aug. 31.

The London-based retailer of natural cosmetics posted pretax profit of £12.3 million (\$19.4 million), up from £10 million a year earlier. The earnings were boosted by higher margins and lower net interest expense.

The company said it would lift its dividend to 0.9 pence a share for the first half from 0.75 pence a year earlier.

Sales rose 18 percent, to £208.1 million, as the company opened 63 new stores.

A growth rate of 5 percent in same-store sales in Britain cheered analysts. They expected that the marketing and display techniques that were

used to bolster British sales would also be applied to its U.S. stores.

"Although the U.S. is a different market, there is room for improvement based on the lessons learned in the U.K.," said Julie Ramshaw, a retailing analyst at Morgan Stanley.

The company, which is known for its stand against testing cosmetics on animals, said sales did not suffer this fall from an attack on its social and environmental policies by the U.S. magazine Business Ethics.

Body Shop refuted the charges, but its shares fell about 21 percent to a three-month low of 196 pence in late September. The shares closed at 225 pence Thursday, down 2.

Chairman Gordon Roddick said that during the first weeks of the second half, it was business as usual. "Trading in the last six weeks has overall been in line with the trends seen in the first half," he said.

## Whirlpool Says High Sales Lifted Third-Quarter Net

Compiled by Our Staff From Dispatches

BENTON HARBOR, Mich. — Whirlpool Corp. said Thursday its third-quarter profit rose 41 percent, reflecting record shipments in domestic and international markets.

The home-appliance maker said its net income rose to \$98 million from \$70 million a year ago. Earnings per share rose to \$1.30 from 96 cents.

The results include a gain \$15 million from the sale of a mi-

nority stake in Matsushita Floor Care Co. and a "minor" European restructuring charge, the company said.

Revenue rose 9 percent to \$2.08 billion.

In the first nine months of the year, the company said, revenue increased 7 percent to \$6 billion. Whirlpool posted a profit of \$249 million for the period, reversing a loss of \$18 million a year earlier.

Whirlpool's shares fell 25 cents to \$54.

The company said it had improved its sales in Europe. "However, the region remains highly competitive and challenging," Whirlpool said, citing a shift in consumer demand toward lower-margin appliances. The company said it would announce an across-the-board price increase in Europe soon.

Whirlpool said its North American unit had higher operating results.

Total earnings from Latin America nearly doubled because of the solid performance of Whirlpool's Brazilian affiliates, the company said.

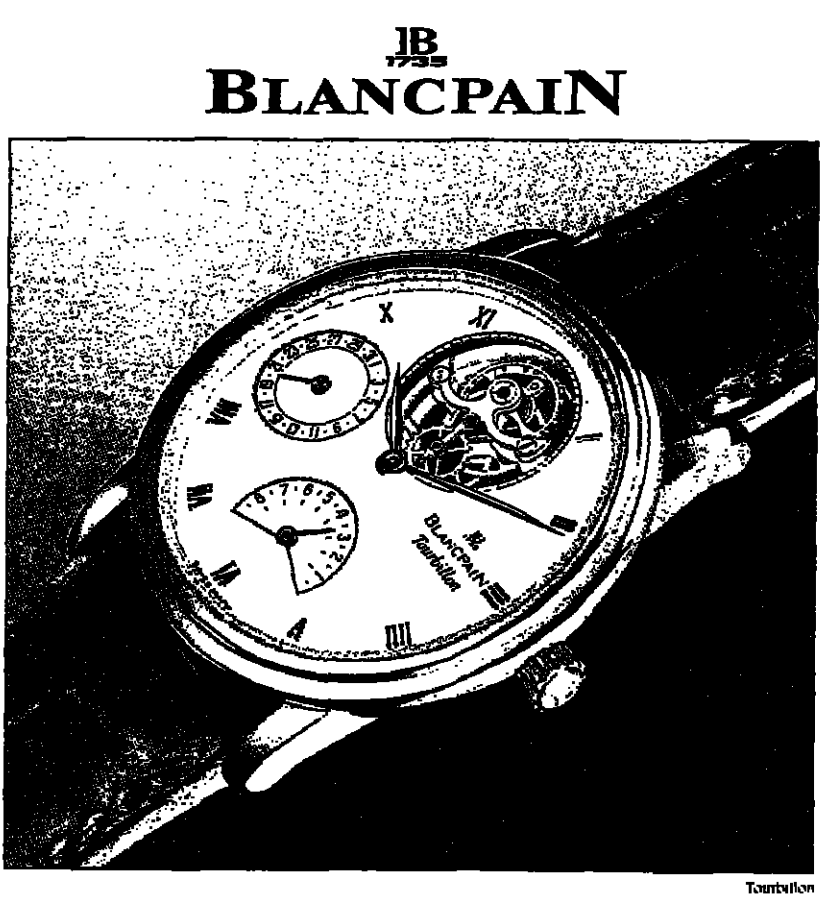
In Asia, product shipments increased by nearly one-quarter and revenues rose by 30 percent, although strategic investment in the region led the unit to a quarterly loss.

Whirlpool recently reached an agreement to raise its stake in TVS Whirlpool Ltd., an Indian washing machine joint venture, to 78 percent. It also said it would complete an agreement to acquire a controlling interest in Kelvinator of India Ltd., the biggest maker and marketer of refrigerators in India.

(Bloomberg, APX)

## CURRENCY & INTEREST RATES

Gross Rates									
	Oct. 13	Oct. 12	Oct. 11	Oct. 10	Oct. 9	Oct. 8	Oct. 7	Oct. 6	Oct. 5
Australian	1.225	1.225	1.225	1.225	1.225	1.225	1.225	1.225	1.225
Canadian	1.225	1.225	1.225	1.225	1.225	1.225	1.225	1.225	1.225
French	1.225	1.225	1.225	1.225	1.225	1.225	1.225	1.225	1.225
German	1.225	1.225	1.225	1.225	1.225	1.225	1.225	1.225	1.225
Japanese	1.225	1.225	1.225	1.225	1.225	1.225	1.225	1.225	1.225
Swiss	1.225	1.225	1.225	1.225	1.225	1.225	1.225	1.225	1.225
UK	1.225	1.225	1.225	1.225	1.225	1.225	1.225	1.225	1.225
US	1.225	1.225	1.225	1.225	1.225	1.225	1.225	1.225	1.225
Other	1.225	1.225	1.225	1.225	1.225	1.225	1.225	1.225	1.225
Eurocurrency Deposits									
	Oct. 13	Oct. 12	Oct. 11	Oct. 10	Oct. 9	Oct. 8	Oct. 7	Oct. 6	Oct. 5
1 month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
3 months	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
6 months	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
1 year	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Key Money Rates									
	Oct. 13	Oct. 12	Oct. 11	Oct. 10	Oct. 9	Oct. 8	Oct. 7	Oct. 6	Oct. 5
US	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
UK	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Other	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00



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## MARKET DIARY

## Inflation Anxiety Eats Away at Dollar

Compiled by Our Staff From Dispatches

**NEW YORK** — The dollar dropped against most other major currencies on late speculation selling Thursday as the market shifted its focus to the September inflation and retail-sales reports that will be released Friday.

The dollar also was pressured by the view that the unexpected decline in producer prices, released Thursday, was an aberration and that the September consumer price report would not contain the same good news about inflation.

## Foreign Exchange

The fear is that the inflation numbers will erase the bond market's gains Thursday, and "that'll be it for the dollar," said Tom Moore, a director at American Express.

Currency traders watch the U.S. Treasury market to gauge foreign investors' appetite for U.S. assets and the dollars needed to buy them.

"Unless we get another very nice surprise or evidence the economy is slowing down, we can't look for any more gains in

bonds," said Kevin Harris, an international economist at MCM Currencywatch. "No bond gains. No dollar gains."

The dollar closed at 1.5284 Deutsche marks in late New York trading, down from 1.5408 DM on Wednesday. The dollar also fell to 99.395 yen from 99.750 yen.

The dollar also slumped against European currencies, trading at 5.2405 French francs from 5.2740 late the previous day and 1.2730 Swiss francs, down from 1.2860 francs. The pound rose to \$1.5895 from \$1.5822 on Wednesday.

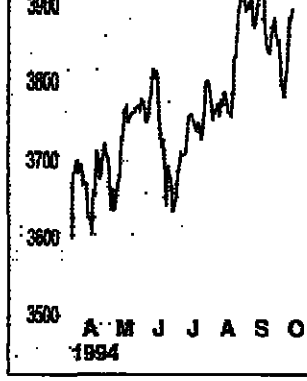
Dealers, who had reported a flurry of buying after the producer prices were released, said the interest waned when a second look at the report reflected unusual declines in car prices. "One number doesn't change the trend," said Chris Ilego, international economist at Chase Manhattan Bank. "PPI is a volatile number, so it won't change sentiment much."

Mr. Ilego said the dollar's prospects would improve if consumer prices showed a decline, or a modest increase.

(Reuters, Knight-Ridder, Bloomberg)

## The Dow

Daily closings of the Dow Jones Industrial average



A M J J A S O 1994

NYSE Most Actives

Vol.	High	Low	Last	Chg.
IBM	161.45	161.45	161.45	+0.10
Microsoft	100.00	100.00	100.00	+0.10
Apple	75.00	75.00	75.00	+0.10
Oracle	50.00	50.00	50.00	+0.10
Novell	40.00	40.00	40.00	+0.10
Lotus	30.00	30.00	30.00	+0.10
Intuit	20.00	20.00	20.00	+0.10
Visa	10.00	10.00	10.00	+0.10
MasterCard	10.00	10.00	10.00	+0.10
Amex	10.00	10.00	10.00	+0.10

NASDAQ Most Actives

Vol.	High	Low	Last	Chg.
Novell	40.00	40.00	40.00	+0.10
Microsoft	100.00	100.00	100.00	+0.10
Apple	75.00	75.00	75.00	+0.10
Oracle	50.00	50.00	50.00	+0.10
Novell	40.00	40.00	40.00	+0.10
Lotus	30.00	30.00	30.00	+0.10
Intuit	20.00	20.00	20.00	+0.10
Visa	10.00	10.00	10.00	+0.10
MasterCard	10.00	10.00	10.00	+0.10
Amex	10.00	10.00	10.00	+0.10

AMEX Stock Index

High	Low	Last	Chg.
40.00	40.00	40.00	+0.10

Dow Jones Bond Averages

High	Low	Last	Chg.
100.00	100.00	100.00	+0.10

NASDAQ Diary

High	Low	Last	Chg.
100.00	100.00	100.00	+0.10

AMEX Diary

High	Low	Last	Chg.
100.00	100.00	100.00	+0.10

Spot Commodities

High	Low	Last	Chg.
100.00	100.00	100.00	+0.10

Market Sales

High	Low	Last	Chg.
100.00	100.00	100.00	+0.10

## Dow Jones Averages

Open	High	Low	Last	Chg.
3712.51	3727.43	3715.15	3727.43	+14.90

Standard &amp; Poor's Indexes

High	Low	Last	Chg.
599.85	599.85	599.85	+0.20

NYSE Indexes

High	Low	Last	Chg.
299.07	299.07	299.07	+1.08

NASDAQ Indexes

High	Low	Last	Chg.
774.61	774.61	774.61	+1.51

AMEX Stock Index

High	Low	Last	Chg.
40.00	40.00	40.00	+0.10

Dow Jones Bond Averages

High	Low	Last	Chg.
100.00	100.00	100.00	+0.10

NASDAQ Diary

High	Low	Last	Chg.
100.00	100.00	100.00	+0.10

AMEX Diary

High	Low	Last	Chg.
100.00	100.00	100.00	+0.10

Spot Commodities

High	Low	Last	Chg.
100.00	100.00	100.00	+0.10

Market Sales

High	Low	Last	Chg.
100.00	100.00	100.00	+0.10

## EUROPEAN FUTURES

High	Low	Last	Chg.
100.00	100.00	100.00	+0.10

Metals

High	Low	Last	Chg.
100.00	100.00	100.00	+0.10

Financial

High	Low	Last	Chg.
100.00	100.00	100.00	+0.10

Stock Indexes

High	Low	Last	Chg.
100.00	100.00	100.00	+0.10

Dividends

High	Low	Last	Chg.
100.00	100.00	100.00	+0.10

Stock Splits

High	Low	Last	Chg.
100.00	100.00	100.00	+0.10

Initial

High	Low	Last	Chg.
100.00	100.00	100.00	+0.10

Increased

High	Low	Last	Chg.
100.00	100.00	100.00	+0.10

Regular

High	Low	Last	Chg.
100.00	100.00	100.00	+0.10

Long Gilt (LIF)

High	Low	Last	Chg.
100.00	100.00	100.00	+0.10

DM 100 (D100)

High	Low	Last	Chg.
100.00	100.00	100.00	+0.10

DM 250 (D250)

High	Low	Last	Chg.
100.00	100.00	100.00	+0.10

10-YEAR FRENCH GOV. BONDS (MATIF)

High	Low	Last	Chg.
100.00	100.00	100.00	+0.10

EST. VOLUME: 20,500. OPEN: 14,000.

Industrials

High	Low	Last	Chg.
100.00	100.00	100.00	+0.10

GASOL (IPE)

High	Low	Last	Chg.
100.00	100.00	100.00	+0.10

EST. VOLUME: 10,000. OPEN: 10,000.

Under the arrangement, Mr. Spielberg will hold his company, Amblin, which is currently at Universal, into the new studio.

Mr. Geffen's movie production unit will also be merged with the new company. The three men will be equal financial partners, but their specific management duties have not been defined, although Mr. Katzenberg will most certainly run the operations of the studio.

## U.S./AT THE CLOSE

High	Low	Last	Chg.
100.00	100.00	100.00	+0.10

Weak Trading Results Hit Morgan

**NEW YORK** (Combined Dispatches) — J.P. Morgan & Co. said Thursday its third-quarter earnings fell 30 percent, as tough times on Wall Street dragged down revenue from the bank's securities businesses.

The fifth-largest American bank said net income fell to \$327 million, or \$1.63 a share, from \$468 million, or \$2.30 a share, a year earlier. The results were higher than analysts expected, and Morgan's stock rose 12.5 cents, to \$61.125.

J.P. Morgan, like many banks and securities houses, has suffered from a turbulent year in securities and currency markets. It had a net loss of \$27 million on investment securities, in contrast to a gain of \$98 million a year ago. (Bloomberg, Knight-Ridder)

## Georgia-Pacific Swings Back to Profit

**ATLANTA** (Bloomberg) — Georgia-Pacific Corp. on Thursday posted a larger-than-expected third-quarter net income of \$87 million because of higher paper and pulp prices.

The profit at the second largest U.S. forest products company reversed a net loss of \$36 million in the year-earlier quarter. Third-quarter revenue rose 10 percent, to \$3.3 billion.

"The pulp and paper industry is experiencing a faster-than-expected recovery, with demand and pricing strong both in the U.S. and abroad," A.D. Correll, chairman, said.

## Live and Carolco End Merger Talks

**LOS ANGELES** (Bloomberg) — Carolco Pictures Inc. and Live Entertainment Inc. said Thursday that merger discussions between the two companies had broken off.

On Aug. 12, the companies said they would merge, with Live Entertainment shareholders owning 21 percent to 28 percent of the surviving company.

"We are disappointed that a number of factors, many of which were beyond our control, have resulted in our joint agreement to call off the merger of our two companies," Mario Kassar, Carolco's chief executive, and Roger Bursage, Live Entertainment's chief executive, said.

## Hedging Protects Enron's Profit

**NEW YORK** (Knight-Ridder) — Enron Corp. said Thursday its profit for the third quarter rose 28 percent from the previous year, as natural gas marketing activities grew sharply.

The company said hedging protected it against depressed gas prices as it posted a profit of \$96 million, up from \$74.9 million a year earlier. Revenue rose to \$2 billion from \$1.9 billion.

## Summer Travel Heats Up Hilton Net

**BEVERLY HILLS, California** (Bloomberg) — Hilton Hotels Corp. said Thursday its third-quarter net income rose a higher-than-expected 32 percent because of a surge in summer travel, which lifted its hotel results.

The hotel and casino company said its net income gained to \$27 million, or 56 cents a share, from \$20.5 million, or 43 cents, a year earlier. Revenue rose 10 percent, to \$380.9 million.

The results also benefited from the money the company lost on property and currency transactions in the year-earlier period.

## Operating Profit Slips at Hasbro

**PAWTUCKET, Rhode Island** (Bloomberg) — Hasbro Inc. said Thursday that third-quarter profit from continuing operations declined on a 2 percent drop in sales.

The toy maker said profit from continuing operations was \$64.7 million, or 77 cents. It had net income of \$75.5 million, or 86 cents, a year earlier. The result still topped the mean average of 76 cents a share of 12 analysts surveyed by Zacks Investment Research.

Net income in the latest quarter was \$75.2 million, or 85 cents a share, after a \$12.4 million restructuring charge and a gain of \$23 million from the liquidation of an interest in the toy maker J.W. Spier & Sons PLC and the sale of its stake in Virgin Interactive Entertainment PLC to Blockbuster Entertainment Corp.

## Liberty Will Buy Colonial Group

**BOSTON** (AP) — Liberty Financial Cos. said Thursday it had agreed to acquire Colonial Group for about \$310 million in cash and stock.

Colonial is a mutual fund company with \$14 billion in assets under management for 800,000 investors and 650 employees. Liberty, with about \$29 billion in assets under management, is a subsidiary of Liberty Mutual Group.

## INDEX: U.S. Stocks Move Higher

Continued from Page 13

a bad inflation number, and now they are holding off to see what the Fed does next."

Some economists watched the government's weekly report of new unemployment claims, also out Thursday, and noted it

## U.S. Stocks

fell by 5,000 to 314,000, implying a tighter job market. But this has yet to be reflected in wage inflation, a factor that the Federal Reserve closely watches.

But Edward Yardeni, an analyst with C.J. Lawrence, pointed out that "labor, not commodity costs, is the key determinant of inflation, and the wage inflation rate remains tame in all major industries."

## Earnings Boost Market

Favorable inflation news came against a backdrop of robust third-quarter corporate earnings, Bloomberg Business News reported from New York. Of the 76 companies in the S&P 500 that have reported earnings for the latest quarter,

46 percent were above most analysts' expectations. "The earnings side of the equation is in superb shape," said Philip Orlando, portfolio manager at First Capital Advisors.

Telephone, international oil, financial, household product and chemical stocks posted the largest gains.

Almost 13 stocks gained for every nine that fell, and volume surged to 337.91 million shares on the Big Board from 269.56 million Wednesday.

Among the stronger gainers, Monsanto rose 1 1/4 to 78 1/2, International Paper climbed 1 to 77 1/4, and Coca-Cola firmed 1/2 to 50 1/4.

Altera led gains among technology stocks, surging 3 1/2 to 33 1/2. The maker of programmable logic devices, semiconductors that can be reprogrammed, earned 40 cents a share in the third quarter, up from 30 cents a year earlier.

Caere, a software company, climbed 2 1/2 to 13 after the company reported it had swung into profit. Hasbro rose 1 1/4 to 30 1/4, and Champion International climbed 1 1/4 to 39 1/4.

## STUDIO: The System in Hollywood May Never Be the Same Again

Continued from Page 13

investors and partnerships to reduce the financial risks.

"I want to start something great, even investing in it myself," said Mr. Spielberg. "Over the years I've had almost a religious fervor in not investing my own money in show business. Not in my wildest imagination would I have guessed that this trio would have come together. Now I can't think of a better

place than to invest in our own future."

Should the MCA deal fall apart, the three will begin their own studio, which is still unnamed, and start producing movies by next year. How the films will be distributed remains vague.

Both Mr. Katzenberg and Mr. Spielberg made it clear that they were intent on building a strong animation unit at the

new studio. Mr. Katzenberg will seek to enlist the help of animators and executives at Walt Disney Studios who are close to him, once their contracts expire.

But Mr. Katzenberg, Mr. Spielberg and Mr. Geffen insisted that across-the-board competition with other studios would only improve the quality of movies throughout the industry.

Under the arrangement, Mr. Spielberg will hold his company, Amblin, which is currently at Universal, into the new studio.

## U.S. FUTURES

Via Associated Press Oct. 13

Season Season High Low Close Chg. Opt.

WHEAT (CBOT) 1400 bushels per bushel

EST. VOLUME: 10,000. OPEN: 10,000.

CORN (CBOT) 5000 bushels per bushel

EST. VOLUME: 10,000. OPEN: 10,000.

SOYBEANS (CBOT) 5000 bushels per bushel

EST. VOLUME: 10,000. OPEN: 10,000.

CATTLE (CME) 40,000 head per head

EST. VOLUME: 10,000. OPEN: 10,000.

PORK (CME) 40,000 head per head

EST. VOLUME: 10,000. OPEN: 10,000.

LIVESTOCK (CME) 40,000 head per head

EST. VOLUME: 10,000. OPEN: 10,000.

FINANCIAL (CME) 40,000 head per head

EST. VOLUME: 10,000. OPEN: 10,000.

STOCK INDEXES (CME) 40,000 head per head

EST. VOLUME: 10,000. OPEN: 10,000.

DIVIDENDS (CME) 40,000 head per head

EST. VOLUME: 10,000. OPEN: 10,000.

STOCK SPLITS (CME) 40,000 head per head

EST. VOLUME: 10,000. OPEN: 10,000.

INITIAL (CME) 40,000 head per head

EST. VOLUME: 10,000. OPEN: 10,000.

INCREASED (CME) 40,000 head per head

EST. VOLUME: 10,000. OPEN: 10



## GEC May Counter BAE Bid for VSEL

**Compiled by Our Staff From Dispatches**  
LONDON — General Electric Co. of Britain said Thursday it may make an offer to buy VSEL PLC, the British submarine maker that agreed Wednesday to be acquired by British Aerospace PLC.

Analysts said GEC, which has big cash reserves, could easily better the British Aerospace offer of £478.5 million (\$756 million).

But when it announced the General Electric offer, VSEL said it "continues to recommend the offer by British Aerospace" to shareholders.

Some analysts said it was unlikely General Electric would buy VSEL, although it may make an offer that would force its competitor, British Aerospace, to pay a little more.

"I don't think the government's particularly interested in having all the country's shipbuilding assets in one company," Clive Walker-Forrester of Charterhouse Tilney Securities said.

VSEL and GEC operate the two biggest naval shipyards in

Britain and build most of the nation's warships.

General Electric, which is not related to the American company with the same name, employs 2,600 workers at Yarrow, Scotland, where it builds navy frigates.

VSEL's shipyard in Barrow-in-Furness, England, which employs 6,500, is the only one in Britain with facilities to build a nuclear submarine.

If the two operations were united, it would reduce competition when the government is preparing to seek bids on major naval projects, Mr. Walker-Forrester said.

VSEL shares rose 10 pence to 1,320 on Thursday — above the value of the British Aerospace bid. That suggests investors expect a higher bid.

British Aerospace shares fell 2 to 467, while GEC rose 3 to 299. British Aerospace said Thursday it would offer VSEL shareholders either 2,727 BAE shares or £11.40 in cash for each of their shares.

(Bloomberg, AP)

## Airlines Challenge Paris Fight Looms Over Landing Rights at Orly

**Bloomberg Business News**

PARIS — Six months after British Airways forced a showdown with the French government to win the right to fly into Orly Airport, three other European carriers are bracing for a similar fight.

Deutsche Lufthansa AG, the Austrian carrier Landa Air and KLM Royal Dutch Airlines are planning to begin service to Orly in the next two weeks. France has yet to give the green light, however, and it appears the airlines will try to get tough with Paris, as British Airways did.

The three airlines, for example, are already selling tickets for flights to Orly.

A spokeswoman for Aeroports de Paris, which runs Orly and Charles de Gaulle airports, confirmed that the three European carriers had applied for rights to Orly but said "for now, no dates have been set for the beginning of service."

Landa's chief executive, Niki Lauda, is planning to fly the first plane from Vienna himself, although whether the plane will actually be allowed to land at Orly is still unclear.

BA, too, told France it was coming in and only backed off at the last minute after John Macgregor, then the British transport minister, worked out a compromise with his French counterpart, Bernard Bosson, that delayed the start of service for about six weeks.

Under European Union rules, any airline in the EU or in a European Free Trade Association country is entitled to serve any destination it chooses in the EU, provided the airport chosen has landing slots, or access rights, available at a given hour.

Generally, European carriers flying into Paris land at Charles de Gaulle Airport. However, because Orly is closer to the center of Paris and most flights to other French cities leave from Orly, many European carriers are eager to offer passengers the option of flying to that airport.

France, which wants to protect its ailing flag carrier, Air France, from increased competition, has fiercely resisted this. After it turned down British Airways in early 1993, BA challenged that decision in the European Commission and won.

The current situation "looks a lot like what happened with BA," said Nick Cunningham, an airline analyst with Barclays de Zoete Wedd in London. He said he believes France will be forced to allow in other carriers.

Landa has already filed a complaint with the European Commission seeking to force French approval, and the commission has given France until Oct. 23 to respond. In August, France turned down Lauda's request for rights to serve Orly beginning in late October.

## Joblessness In Spain Increases

**Compiled by Our Staff From Dispatches**

MADRID — The jobless rate in Spain rose to 16.54 percent in September from 16.34 percent in August, reversing a trend since spring of falling unemployment, the Labor Ministry said Thursday.

The number of unemployed registered with the National Employment Institute rose by 30,825, to about 2,560,000, the ministry said.

The ministry said increases in unemployment in September were normal because Spain's tourism industry, a motor of the economy, slows after the summer.

But those increases were mostly offset by declines in the jobless rates of the construction, industrial and farming sectors, the ministry said.

Analysts also said the rise in the number of unemployed workers had moderated.

The government has pointed to steady drops in unemployment since last spring as a sign its recent easing of rules on hiring and firing was bearing fruit.

(AP, Bloomberg, Knight-Ridder)

## Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2300	3400	2200
2200	3300	2100
2100	3200	2000
2000	3100	1900
1900	3000	1800
1800	2900	1700
1700	2800	1600
1600	2700	1500
1500	2600	1400
1400	2500	1300
1300	2400	1200
1200	2300	1100
1100	2200	1000
1000	2100	900
900	2000	800
800	1900	700
700	1800	600
600	1700	500
500	1600	400
400	1500	300
300	1400	200
200	1300	100
100	1200	0

Exchange	Index	Thursday Close	Prev. Close	% Change
Amsterdam	AEX	407.31	402.30	+1.25
Brussels	Stock Index	7,148.17	7,131.25	+0.24
Frankfurt	DAX	2,082.63	2,077.57	+0.24
Frankfurt	FAZ	784.35	781.72	+0.34
Helsinki	HEX	1,912.84	1,899.04	+0.73
London	Financial Times 30	2,413.60	2,381.60	+1.34
London	FTSE 100	3,141.90	3,100.50	+1.31
Madrid	General Index	297.11	293.27	+1.31
Milan	MIBTEL	10,220	10,113	+1.06
Paris	CAC 40	1,955.68	1,918.14	+1.96
Stockholm	Affaersvaerden	1,857.37	1,825.77	+1.73
Vienna	Stock Index	429.95	431.77	-0.42
Zurich	SBS	823.19	814.55	+0.94

Sources: Reuters, AFP

## Incentive AB to Relist Its Cardo Unit

**AFP-Euro News**  
STOCKHOLM — Incentive AB said Thursday it would relist its Cardo AB unit on the Stockholm exchange at the start of 1995. The relisted Cardo will consist of the Cardo Door, Cardo Pump and Cardo Railways operations outside North America. It has projected annual sales of about 5.4 billion krona (\$730 million). Cardo was delisted this year after a shareholder buyout by Incentive, a Swedish investment company.

## Operating Profit Lifts Havas's First-Half Net

**Compiled by Our Staff From Dispatches**

PARIS — Havas SA, a French media company, said Thursday that first-half net profit rose 39 percent because of a strong rise in operating profit.

Havas also confirmed an earlier forecast of a "significant increase" in 1994 net profit.

All companies in the Havas group except the pay-television operator Canal Plus SA are expected to post higher profit this year because of restructuring measures and a better economic climate.

First-half net profit rose to 589 million French francs (\$111 million) from 423 million francs a year earlier. Excluding the impact of increased stakes in some subsidiaries, net profit would have risen 30 percent. First-half sales rose 26 percent, to 18.7 billion francs.

Current profit — operating

profit after financing costs but before one-time items — rose 8.7 percent to 939 million.

Havas also owns CEP Communication SA, Groupe de la Cité SA, a publishing house, Avenir Média SA, an advertising agency, and a chain of travel agencies. (Bloomberg, AFP)

**Canal Plus Goes to Chile**  
Canal Plus and Salomon International Enterprises said they would form a company to tap the pay-television market in Chile, Bloomberg Business News reported.

Canal Plus, Europe's largest pay-television company, is making its first foray into the Latin American market with its venture, Canal Plus Chile.

A new holding company, owned 75 percent by Canal Plus and 25 percent by Salomon, will be set up in the next few weeks to operate in Chile, the companies said.

## Deutsche Bank Shares Dip

**Compiled by Our Staff From Dispatches**

FRANKFURT — Shares of Deutsche Bank AG, Germany's largest bank, fell as much as 2 percent Thursday on speculation that the bank had suffered large losses on loans to Advanta Management AG, a company that has a 50.2 percent stake in the luxury hotel chain Kempinski AG.

Both Deutsche Bank AG and Advanta denied there was any basis to the speculation, which appeared to focus on possible difficulties at Kempinski.

Deutsche shares recovered to close nearly unchanged from Wednesday. "I have no idea where these stories are coming from, but there is nothing in them," Dietrich Ernst, chief executive of Advanta, said.

(Bloomberg, Reuters)

## Very briefly:

- Sergei Mavroff, the Russian banker who headed the MMM investment scheme that collapsed in July, was released from jail after being detained for two months on accusations of tax evasion.
- France's gross domestic product rose an unrevised 1 percent in the second quarter after a 0.7 percent gain in the first quarter, the national statistics institute INSEE said.
- Citibank and Societe Generale SA and four Russia oil companies have signed credit deals worth \$893 million for U.S. equipment and services, sources involved in the loans said.
- Tuscaloosa Steel Corp., a U.S. subsidiary of British Steel PLC, is to invest \$154 million in a new steel factory at its plant in Alabama, making it British Steel's first wholly owned steelmaking operation outside Britain.
- Banco Espanol de Credito SA (Banesto) signed a letter of intent to sell its 82.75 percent stake in Banesto-Banco Shaw of Argentina to Banesto of Mexico and the main shareholders of Banco del Sud, for \$97 million.
- Tesco PLC said it was given sole supermarket retailing rights to the new Virgin Cola soft drink, announced this week by Virgin Group PLC, for six months following the product's launch.
- Allied Domecq PLC said its unit Allied Domecq Retailing agreed to the sale of 641 public houses to Pubmaster, a unit of Brent Walker Group PLC, for £79 million (\$125 million).
- Swiss Bank Corp. said it was launching a bonus-points program for its clients, to cost an estimated 15 million Swiss francs (\$12 million) in the short term.
- BAT Industries PLC said it had won an investment tender conducted by the Moscow Property Fund for a majority stake in the Java tobacco factory in return for an agreement to invest more than £70 million in the factory.

Knight-Ridder, AP, AFP

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Regent Fund Management Limited

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Investment Manager



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NINE MONTH CONSOLIDATED SALES			
	1994 (FRF millions)	1994/1993 (%)	12 months rolling (%)
France	2,001	+ 3	+ 3
Germany	836	- 2	+ 2
Other European countries	1,713	+ 2	-
NAFTA*	882	+ 22	+ 23
Other countries	450	+ 10	+ 15
Total	5,902	+ 5	+ 5

\* North American Free Trade Agreement.



# AMEX

**Thursday's Closing**  
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

12 Month	Div	Yld	PE	100	High	Low	Latest	Chg
24 1/2	2 1/2	10 1/2	15 1/2	100	100	100	100	100
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24 1/2	2 1/2	10 1/2	15 1/2	100	100	100	100	100
24 1/2	2 1/2	10 1/2	15 1/2	100	100	100	100	100
24 1/2	2 1/2	10 1/2	15 1/2	100	100	100	100	100
24 1/2	2 1/2	10 1/2	15 1/2	100	100	100	100	100

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1. dissolution and liquidation of the Sicav;
2. appointment of the liquidator;
3. determination of the liquidator's powers.

Shareholders wishing to exercise personally their rights at the meeting may deposit their share certificates no later than five working days before the General Meeting at the Registered Office, Société Européenne de Banque, 19-21 boulevard du Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg.

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12 Month	Div	Yld	PE	100	High	Low	Latest	Chg
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12 Month	Div	Yld	PE	100	High	Low	Latest	Chg
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24 1/2	2 1/2	10 1/2	15 1/2	100	100	100	100	100
24 1/2	2 1/2	10 1/2	15 1/2	100	100	100	100	100

Continued on Page 19

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Ireland £Ir.	230	37	68
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Netherlands Fl.	770	40	230
Portugal Esc.	47,000	38	14,000
Spain Ptas.	48,000	34	14,500
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## Sega Shares Slump On Video Price Cut

**Bloomberg Business News**  
TOKYO — Shares of Sega Enterprises Ltd. tumbled 5.9 percent Thursday to their lowest level in nearly four years after the company lowered the price of its newest offering in the hotly contested video-game market.

The move sparked speculation among investors that Sega, the world's largest game maker after Nintendo Corp., was worried that its next-generation video game player would not sell as well as hoped, said Paddy Hogan, a broker at Smith New Court.

The shares fell 340 yen, to 5,400 (\$53.84), after Sega said after the market closed Wednesday that it would sell its new game, the Saturn, for 10 percent less than planned. Sega's new product, which is faster and produces better images than older machines, will go on sale for 44,800 yen Nov. 22, or 5,000 yen less than the price Sega announced a week ago.

Sega is the first of Japan's big machine makers to release next-generation games players using 32-bit chips, which are more powerful than the 16-bit models common now.

Sega's current profit peaked at 55 billion yen in the year ended March 1993, triple the 16 billion yen profit it reported three years earlier.

But in the year that ended in March, Sega announced its first profit drop in 12 years as the figure fell 22.7 percent, to 42.5 billion yen, amid growing competition.

Nintendo last week lowered its earnings forecast for the year ending March 31, 1995. The company cited a fall in export earnings because of the strong yen and a price war on game software in Europe.

Sega and Nintendo, longtime rivals and for years the undisputed leaders in the video game field, are facing new challenges as more companies enter the field. Sony Corp., for example, will introduce its machine, the PlayStation, in time for Christmas.

Nintendo has also said that it would introduce an even more powerful machine next year.

## Shares Plunge On Fear of Rise In China Rates

**Bloomberg Business News**  
HONG KONG — Shanghai A shares fell more than 11 percent Thursday on fears of an imminent increase in Chinese interest rates, traders said.

The official Shanghai A share index fell to 647.56, a one-day drop of 11.12 percent, on trading valued at \$294.5 million. The China CLSA indexes weren't available because of a public holiday in Hong Kong.

A trader with a local securities firm stressed there was no clear indication of a coming rate increase. Investors are usually wary of higher interest rates because the higher cost of borrowing can depress earnings and slow economic growth.

Shanghai B shares were scarcely changed, falling 0.30 to 78.62 on trading valued at \$2.7 million. Many B share investors are based in Hong Kong, which observed a holiday Thursday. On the Shenzhen exchange, the B share market was closed because of the holiday.

## Jardine Shifts Weight Southward

**By Michael Richardson**  
*International Herald Tribune*  
SINGAPORE — The Jardine Matheson group is building a stronger presence in Southeast Asia to take advantage of the region's growth but also to hedge its bets in case expansion in Hong Kong and China is blocked by Beijing for political reasons, analysts say.

Jardine, the oldest and most British of Hong Kong's trading houses, said recently it would move its main stock listings from the colony to Singapore early next year and also seek operational headquarters status in Singapore.

"It is part of an overall plan to diversify away from Hong Kong and China," said a Singapore securities analyst who requested anonymity. "But the group is doing it in a series of small steps so as to try to avoid further aggravating relations with Beijing."

Briefing journalists in Singapore, Alasdair Morrison, managing director of Jardine, sought to play down the significance of the decision to expand into Southeast Asia through Singapore.

He said that Hong Kong and China "will remain the heart of our business and that will continue to grow. In addition, we are developing our Southeast Asian business; it's a complementary development."

Analysts said that Singapore, which has close political and business ties with China, prefers to see Jardine keep its expansion in the region as low-key as possible in the sensitive run-up to 1997, when Beijing regains control of Hong Kong from Britain.

Nonetheless, Singapore sees an opportunity to woo investment capital from Hong Kong.

The shift from Hong Kong to Singapore early next year of the main stock listings of five Jardine flagship companies complements Singapore's plans to enlarge its stock exchange and establish a stronger trade in shares of companies with regional or international operations, said Bibiana Yow, research director at Smith New Court in Singapore.

While companies in the group are listed in London, Australia, Luxembourg and the Philippines, Singapore is expected to become "the principal trading market for Jardine shares in 1995."

Singapore is expected to become the principal trading market for Jardine shares in 1995.

ed to become "the principal trading market" for Jardine shares from 1995, said Boon Yoon Chiang, managing director of the company in Singapore.

Chinese officials, who still resent the role played by Jardine in helping persuade Britain to fight China in the Opium War of 1840-41, which resulted in China ceding Hong Kong to Britain, have described the delisting as "extremely irresponsible."

Chinese officials were also furious when the group changed its legal domicile to Bermuda in 1984 to protect itself from a possible Chinese takeover after 1997.

Beijing recently opposed Jardine's participation in a container port project valued at \$1.6 billion in Hong Kong, apparently because of its perceived support for democratic reforms in the colony that China bitterly opposes.

In the six months to June, the group — which has major interests in trading, property and financial services — reported a 24 percent rise in net profit to \$216 million on sales of nearly \$4.5 billion.

Hong Kong and China account for about 60 percent of group earnings and Southeast Asia 15 percent.

In the past 18 months, Jardine has taken several steps to increase its presence in Singapore, which Mr. Boon described as "a development base" for the group in Southeast Asia.

Dairy Farm Ltd., which is 52 percent-owned by Jardine, bought the retail operations of Cold Storage Ltd. for just over \$82 million.

It purchased a 24 percent stake in Cycle & Carriage Ltd., which has its core businesses in motor-vehicle sales, property and food retailing, for \$226 million.

This year, Jardine Pacific, the group's trading arm, teamed up with GE Capital of the United States to acquire a 64 percent interest in Associated Merchant Bank with the aim of developing it into one of the leading installment financiers for vehicles and commercial equipment in Singapore.

Cycle & Carriage owns the remaining 36 percent of the bank.

Cold Storage in Malaysia, a unit of Cycle & Carriage, is setting up a joint venture with Dairy Farm to own and operate Cold Storage's supermarkets and expand the food retailing businesses there.

Jardine's interest in Southeast Asia "reflects the rapid economic expansion of the region and its potential for future growth," said John Engle, research director at Smith Barney Shearson HG Asia in Singapore.

## Strong Australian Jobs Data Spur Inflation Fears

**Compiled by Our Staff From Dispatches**  
SYDNEY — Australian bonds tumbled to their lowest levels in more than two-and-a-half years Thursday on concerns that record-high employment figures would prompt the central bank to raise rates to rein in inflation.

The yield on the benchmark 10-year government bond rose to 10.34 percent from 10.20 percent on Wednesday as the price fell to 91.87 from 92.68.

Australian employment leapt by 75,700 jobs in September, to 8.01 million — the highest number of jobs ever recorded by the Australian Bureau of Statistics. The figure was much higher than analysts expected.

Unemployment remained unchanged at a three-year low of 9.5 percent in September.

Economists said such strong growth smacked of rising inflation, which

erodes the value of fixed-interest securities such as bonds.

Bruce Hockman of Bain & Co. said strong employment "certainly makes the case for a credit tightening."

Mr. Hockman said the Reserve Bank of Australia most likely would raise the benchmark short-term rate by 0.75 percentage point, to 6.25 percent, by early November. He added that a rate rise of one percentage point was also possible before the bank meets on Nov. 1.

The Reserve Bank also caused inflation concerns with a report showing that housing lending rose 24 percent in the year to August.

Brad Holland of J. P. Morgan Australia Ltd. said: "The central message here is that with the economy growing so strongly, the current monetary policy settings are too lax."

The central bank raised rates for the

first time since 1989 in August to 5.50 percent.

Prime Minister Paul Keating described the data as a cause for "substantial rejoicing" and said Australia's job picture had not been so rosy since the 1980s, when economic growth grew at a brisk annual rate of five percent.

Stocks fell only slightly, with the All Ordinaries Index dropping 0.18 percent, to 1,998.90, as investors waited for two key reports on U.S. prices to be released after Australian markets closed on Thursday and Friday.

Analysts said the central bank and the government had little choice but to raise interest rates to curb inflation as economic growth begins propping up wages and causing higher consumer prices.

"If it turns out that there's no rate rise forthcoming then the market will be a little anxious about their ability to keep

inflation low," Rory Robertson of Bankers Trust Australia Ltd. said.

But Employment Minister Simon Crean said the economy was in no danger of overheating.

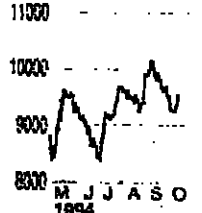
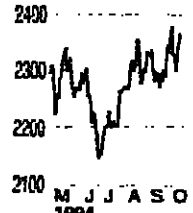
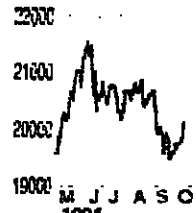
He said Australia was experiencing "strong economic growth, low inflation; but most of all the strong economic growth is translating into jobs."

In New Zealand, meanwhile, bond prices fell on worries about inflation data to be released on Friday. The yield on the benchmark 10-year bond rose to 9.09 percent from 8.98 percent.

**(Bloomberg, Reuters)**

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## Investor's Asia

Hong Kong Hang Seng		Singapore Straits Times		Tokyo Nikkei 225	
					
M J J A S O 1994		M J J A S O 1994		M J J A S O 1994	
Exchange	Index	Thursday Close	Prev. Close	% Change	
Hong Kong	Hang Seng	Closed	9,532.35		
Singapore	Straits Times	2,357.82	2,368.81	-0.44	
Sydney	All Ordinaries	1,998.90	2,002.60	-0.18	
Tokyo	Nikkei 225	20,148.83	20,089.72	+0.29	
Kuala Lumpur	Composite	1,135.67	1,137.00	-0.12	
Bangkok	SET	1,475.06	1,470.90	+0.28	
Seoul	Composite Stock	1,096.54	1,089.66	+0.63	
Taipei	Weighted Price	6,626.39	6,495.78	+2.01	
Manila	PSE	2,990.75	2,976.46	+0.48	
Jakarta	Stock Index	507.18	511.42	-0.83	
New Zealand	NZSE-40	2,043.71	2,056.80	-0.64	
Bombay	National Index	Closed	2,071.20		

Sources: Reuters, AFP

International Herald Tribune

## Very briefly:

- General Motors Corp.'s automotive components group is preparing to build a car parts production base in China, the official Xinhua news agency said.
- Taiwan said investment applications from abroad in the first three quarters of 1994 totaled \$1.08 billion, up 27 percent from the year-earlier period.
- Amalgamated Steel Mills Bhd. said it would raise 563 million ringgit (\$219 million) through a series of share issues.
- Shanghai's trade volume surged to \$11.03 billion in the first nine months of 1994, up 25 percent from the like period a year earlier.
- Fletcher Challenge Ltd. said it would assume management control of the Datong steelworks west of Beijing and would take a 58 percent interest in a joint venture that will own the plant. It said it would invest \$25 million.
- Jardine Fleming Holdings Ltd. has appointed Timothy F. McCarthy, formerly of Fidelity Investments, as chief executive of its unit trusts business.

Bloomberg, AFP, IHT

## Bapindo Directors Replaced

**AFP-Excl News**  
JAKARTA — Finance Minister Mar'ie Muhammad replaced all the directors of state-run Bank Pembangunan Indonesia on Thursday, a Bapindo spokesman said. The shift came right before the expected arrival of specialists from Standard Chartered PLC, who are to help Bapindo improve its operations.

According to the Finance Ministry, Bapindo and Standard Chartered are to sign an accord for technical assistance on Friday. The assistance is expected to increase Bapindo's credibility after it was hit by a \$430 million fraud scandal in February in which a business loan was allegedly diverted for personal use by the borrower. Mr. Mar'ie said the British bank would help set up a prudent banking system and improve information systems and internal controls at Bapindo.

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Over the Tropic of Cancer, as seen from the Airbus A340 en route from Frankfurt to Rio de Janeiro.



# Taiwan-China Trade Puts Politics in the Background

By Jay Mathews

Washington Post Service  
NEW YORK — As Benny T. Hu lives his busy life seeding the Chinese mainland with Taiwanese enterprise — a chemical plant here, a calculator factory there — he reads with wonderment about new political malice between China and Taiwan.

Mr. Hu said that trade between Taiwan and mainland China has never been better.

Along with Lynch & Mayer Inc., a New York investment advisory

firm, he is about to close a deal to create the \$250 million Asia Corporate Partners Fund with the help of the People's Construction Bank in Shanghai.

Politically, the People's Republic of China is "trying to isolate Taiwan, but that is a different group of bureaucrats," said Mr. Hu, 45, president of Taiwan-based China Development Corp.

Mr. Hu's corporation, created in 1959, was determined to do in China what it was already doing

in Malaysia, Indonesia and Vietnam: Find Taiwanese entrepreneurs setting up small companies in those countries and lend them money to expand.

Many of these entrepreneurs, drawn by family and linguistic ties, have set up enterprises on the mainland, but their opportunities for growth have been limited by small bank accounts and occasional Chinese government obstacles.

Four years ago, Mr. Hu began visiting with officials at

Shanghai Trust & Investment Co., a subsidiary of the People's Construction Bank.

When the talks became serious about an investment fund full of Taiwanese and U.S. money with the Chinese as official advisers, officials of the People's Construction Bank called Mr. Hu in and said they, not the subsidiary, would do the deal. "I had no problems with that," Mr. Hu said.

Lynch & Mayer looked for

American companies interested in lending their money and expertise to Taiwanese ventures in electronics, chemicals and food production on the mainland.

Lynch & Mayer and China Development Corp. committed \$250 million to investments in Asia over 10 years, with half of that focused on China.

Hugh R. Winokur, the chief executive of Lynch & Mayer Asia Inc., said the company's approach is to "work alongside corporate partners, looking for a support mechanism."

Mr. Hu's firm is now the largest private development bank in Taiwan and has a market value of more than \$4 billion.

Trade between Taiwan and China was \$14 billion in 1993, and Mr. Hu and Mr. Winokur said it was growing and unlikely to be stopped by even a major diplomatic tiff between two governments.

Mr. Hu can still remember when trade between his country and China was expressly forbidden by both governments.

It grew all the same, sometimes by boat at night over the Taiwan Strait.

"The relations on the economic side were always quite good, no matter what was going on," he said. "It has such momentum, no force in this world can stop it."

## Murdoch Children to Own All Shares in News Corp.

Bloomberg Business News

SYDNEY — Rupert Murdoch, chairman of News Corp., has arranged for his four children to own all the extended family's shares in the global media giant, the magazine Business Review Weekly said.

Mr. Murdoch also said he was not interested in owning the rival media group John Fairfax Holdings Ltd., the company in which News Corp. said in July it had acquired a small stake.

In an interview to be published Friday, Mr. Murdoch, 63, said he had set in motion plans for his children to acquire the 40 percent of Cruden Investments Pty. held by his sisters.

Mr. Murdoch's immediate family owns about 60 percent of Cruden, the closely held investment company that the Murdoch family has used to control its media interests. Cruden owns about 32 percent of News Corp. "The arrangement is confidential, but it will lead to my children's trusts eventually having 100 percent of Cruden Investments," the magazine quoted Mr. Murdoch as saying.

## FISHING: A Little Search Along the Bottom Can Make a Lot of Sense

Continued from Page 13

investor cannot possibly know what course the Sallie Mae story will take. The questions instead are: Is there a decent case for optimism? And has the stock been beaten down so far that it is unlikely to go much lower?

The Value Line stock guide reflects the conventional market wisdom when it concludes, "Until Sallie Mae's future becomes more clear, we favor being on the sidelines."

Still, some analysts, including J. Richard Fredericks of Montgomery Securities and Samuel Liss of CS First Boston Group Inc., recommend that clients buy the stock.

Sallie Mae could well be worth fishing off the bottom.

Like Philip Morris, it is a strong company that pays a good dividend. It is risky, but the market may well have overreacted.

It is also comforting to know that some excellent mutual funds own the stock, including Yacktman, MainStay Value, Investment Co. of America and Nicholas.

In general, though, mutual funds want nothing to do with stocks that have been tainted by big declines.

One fund that comes close to the piscatorial ideal is Crabbe Huxon Equity — this reporter owns some of its shares. Morningstar, the research service, said the fund's managers look for "once-successful stocks that have recently suffered significant price declines." Among the

holdings: International Business Machines Corp., Navistar International Corp., Nike Inc. and Delta Air Lines Inc. The fund's average annual return for the past five years is 14 percent.

Other funds simply search for undervalued or out-of-favor stocks and provide a comfortable alternative to the extremes of bottom-fishing.

One with a strong record is Franklin Balance Sheet Investment, whose manager buys only stocks that trade below their book value, or net worth per share. Top holdings include Kmart Corp., whose price has fallen by nearly half in the past two years, and Continental Corp., an insurance company that has dropped 60 percent in a year.

But beware of the risks. Avon Products Inc., Eastman Kodak Co. and Xerox Corp. are only a few of the stocks that have never returned to their highs of two decades ago, as Samuel Mitchell and Christopher Niemczewski of Marshfield Associates, a money-management firm, said in a letter to clients.

In other words, bear in mind that some fish richly deserve to dwell on the bottom.

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At the Annual General Meeting held on September 27, 1994 it was decided to pay a dividend of USD 0.24 (cents) per share on or after October 26, 1994 to shareholders of record on October 4, 1994 and to holders of bearer shares upon presentation of coupon no. 20.

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## SPORTS

## Unbeaten Chargers and Unknown Coach Are No Flukes

By Thomas George

**SAN DIEGO** — This is what you need to know about Bobby Ross: He is in his third season as the coach of the National Football League's San Diego Chargers. He is driving to Jack Murphy Stadium for a game. He gets to the entrance of the parking lot, and an attendant asks him to pay \$5 for the parking fee. The attendant doesn't know who Ross is. Ross doesn't want to make a fuss. He pays.

It happened twice this season, once at a preseason game against the Los Angeles Rams and again in a regular-season game against Cincinnati. Both times Ross simply paid, kept driving and went to work.

This is what you need to know about the Chargers: As the NFL's lone unbeaten team with five straight victories, they are not a fluke. They are the real deal.

They have a quarterback, Stan Humphries, who was not quite good enough in Washington with the Redskins but has

been superb since being traded to the Chargers in 1992.

The Chargers are 22-7 with Humphries as the starter. He is now the American Football Conference's top-rated passer.

They have Leslie O'Neal at defensive end, as intelligent as he is ferocious. He is the Chargers' career sack leader with 84.

They have Junior Seau, possibly the game's most complete linebacker and as emotional a player as he is dominating.

They have Natrone Means, a bully of a running back. He looks more like the guy who rolls out the tarp than a prize back. He is round and short and heavy, but he is tough and quick, and a clutch performer.

They have Ronnie Harmon, the best third-down back in the league. He has caught more passes in the past two seasons than any other back. He has 15 receptions this season; 12 have been for first downs.

They have John Carney. He is 10 of 11 on field-goal kicks, including a game-winner against the Raiders with two seconds left.

They have their best start since the '61 Chargers went 11-0. They have beaten each divisional opponent once and have a two-game lead in the AFC West.

The Chargers have a lot.

They've got two Bobbys — Ross, the coach, and Beathard, the general manager — and they look very much like the old Redskin teams that Beathard primarily built: strong running game, strong kicking game, swift defense, power ball, big plays, few turnovers and even fewer penalties.

Ross has been here for three seasons. Beathard for five. The Chargers were 4-12 the season before Ross arrived in '92. In his first season they lost their first 4, then won 10 of 11 and claimed the AFC West crown. Last season they were 8-8. Only two players remain from Beathard's first season: O'Neal and safety Courtney Hall.

Ross, 57, has been married to his wife, Alice, for 35 years, with five children and five grandchildren, and has been a football coach for 29 years, with head coaching jobs at the Citadel, Maryland and Georgia Tech.

"When I was at Maryland and he was at Washington, I didn't really know him that well," Ross said of Beathard. "But I always respected him. I had close friends on the Redskin staff who thought the world of him."

"When he called me in Hawaii, we were getting ready for a bowl game, a big game for Georgia Tech. I talked it over with my wife. The kids were grown. We said, 'What the heck. The time is right. Let's try it.'"

Ross will tell you 15 times that he's not that smart, but in reality he is in touch with what works and what does not in the NFL.

He lets his coaches coach. Bill Armstrong runs the defense, and Ralph Friedman runs the offense. His football axiom remains "You have to be able to run the ball." But he has been adaptable to change.

"We had Marion Butts when I first got here and Rod Bernstein, and heck, we could run the ball, always have," Ross said. "But the one thing I learned in the NFL is you have to have big plays. You are

not going to drive the ball and stuff it in there every week against every opponent. You've got to stretch the field."

The Chargers play at New Orleans on Sunday, and the Saints are struggling with a 2-4 record. The challenge for Ross is to keep his team focused, and the Saints are a perfect match to do just that.

Last season, New Orleans began 5-0 and finished 8-8. Ross will milk that message for all it is worth to his players this week. To a man, they respect Ross. They respect him because he is true.

"The only thing I know how to do is work hard," Ross said. "You have to do things right on the practice field, and when they're not right you have to do them over again. I enjoy game day. I love the competition. Players want to be dealt with honestly. You have to be up front with them. You have to be up front with all people. I am what I am."

So far this season this is what he and his team are: ahead of the entire pack.

## Moldova Steals Europe's Show

Los Angeles Times Service

Defending champion Denmark scored a convincing 3-1 victory over its toughest rival, Belgium, and Switzerland was equally impressive in defeating Sweden, 4-2, but it was unheralded Moldova that captured the big headlines in Europe.

On a night when 34 nations were involved in qualifying play for the 1996 European Championship, Moldova scored a 3-2 upset over Wales at Chisinau on Wednesday evening.

The loss dealt a blow to Wales' hopes of finishing at least second in Group 7 behind favored Germany and boosted the fortunes of Bulgaria, which beat Georgia, 2-0, with both goals coming from Emil Kostadinov off passes from balding World Cup hero Yordan Letchkov.

Although the Welsh played without injured stars Ian Rush, Ryan Giggs, Mark Hughes and Dean Saunders, they appeared en route to a 2-2 tie until Valeri Popov scored the winner for Moldova in the 79th minute.

There were no upsets in the three major encounters of the night. In Copenhagen, the Danes fell behind, 1-0, when Marc DeGryse scored for Belgium, but goals by 1992 European Championship stars Kim Vilfort and John Jensen erased that advantage. Mark Strudhal scored Denmark's third goal late in the game.

In Oslo, the Netherlands and Norway played to a 1-1 tie. The Norwegians yielded a first-half goal to Dutch winger Bryan Roy but regrouped to salvage a tie on Kjell Rikdal's shot in the 52d minute.

Sweden, which finished a strong third in World Cup '94, was taken apart in Bern. It was Switzerland's third consecutive victory over the Swedes.

The game was barely five minutes old when Kenneth Andersson put Sweden ahead, and the Swiss had to wait half an hour before getting back on level terms on Christophe Ohrel's goal.

The Swedes regained the lead in the 61st minute on Martin Dahlin's shot, only to give it up again minutes later on Jesper Blomqvist's goal. Chr. Sforza scored the game-winner in the 81st minute and Kabilay Turkylmaz got Switzerland's fourth.

Greece, on the rebound after a disastrous World Cup campaign, scored another impressive victory under its new coach, Costas Poytziou. The 4-0 drubbing of Finland in Salonika followed a 5-1 victory over the Faeroe Islands in September and left the Greeks in first place in Group 8.

## South Korea Is Stunned By Uzbekistan in Soccer

Compiled by Our Staff From Dispatches

**HIROSHIMA, Japan** — Bad shooting, bad luck and worse goalkeeping knocked favored South Korea out of gold medal contention at the Asian Games soccer tournament Thursday.

The three-time Asian Games champions lost, 1-0, to Uzbekistan, which plays China in Sunday's final.

South Korea boomed 27 shots over the goal, off the bar, off defenders, off goalkeeper Yuri Shekhar, off his legs and off his arms. The ball went everywhere except into the net as the match was played almost exclusively in Uzbekistan's half.

But in the 64th minute, Azamat Abduraimov took a weak shot from 40 meters that dipped and rolled under the hands of the South Korean goalkeeper, Cha Sang Kwang.

It was only the third time that half that the ball had been in the South Korean end of the

field. The other two times were clearing kicks by Shekhar.

Off the playing fields, six more athletes were reported missing, bringing the total to 15.

The latest were three Bangladeshis, an Iranian, a Nepali and a Sri Lankan, organizers said in a series of statements.

They said the heads of all delegations would be called to an emergency meeting Friday to discuss ways to prevent further disappearances. A similar meeting was held Tuesday after nine athletes disappeared.

Before the latest reports, police already were searching for four Sri Lankans, three Nepalese and two Pakistanis.

None of those missing has been identified, and officials have refused to speculate on reasons for their disappearance. But many Asians sneak into Japan or overstay their visas to seek higher-paying jobs than are available at home.

(Reuters, AP)



Ma Junren (third from left), China's controversial track coach, went shopping Thursday in Hiroshima with three of his runners, Zhang Linli (far left), Wang Junxia (right), Ma, who had said the day before that 11 of his runners had had appendectomies, added to that puzzling announcement by saying that all the operations had been carried out on the same day. "They had the operations this year in July. They had them all done at the same time," Ma said. He again sidestepped questions about the reason for the surgery, saying only: "If there's a problem, you take it out."

Phyllis Fung/Kurser

## SCOREBOARD

## Asian Games

**Baseball**  
South Korea 14, China 5; Japan 12, Taiwan 3  
Thailand 26, Mongolia 2

**Basketball**  
Womens, Gold Medal  
South Korea 77, Japan 74  
Male, Semifinals  
China 85, Philippines 74  
South Korea 101, Japan 63

**Boxing**  
Heavyweight, Gold Medal  
A. Pourmohammadi (Iran), def. Ko Young-sam (South Korea), 5-0

**Table Tennis**  
Lukha Singh (India), and Vassili Jirov, Kazakhstan  
Allister Avesbury, Uzbekistan, stopped Yusoff Harman (Hawaii), South Arabia, 1-1; 2nd round.

**Wrestling**  
Jiang Wu, China, and Bohman Adzour, Iran  
Super Heavyweight, Gold Medal  
Oles Hovcov, Uzbekistan, stopped M. Se-madi Kotharav, Iran, 1-2; 2nd round.

**Cycling**  
Womens, 3-Kilometer Individual Pursuit  
Gold Medal  
Vera Qingxi, China, def. Ma Huihui, China, 3:42.82 to 3:51.60 (Asian record; old record 3:47.90, Sello Hashimoto, Japan, July 21, 1991).

**Field Hockey**  
Male, For 5th Place  
Malaysia 5, Kazakhstan 0  
For 7th Place  
Bangladesh 2, China 1

**Handball**  
Womens  
South Korea 34, Japan 29  
Gold — South Korea (2-0); Silver — Japan (2-1); Bronze — China (1-2).

**Judo**  
Womens  
41 Kilograms, Gold Medal  
Jung Sun-sook, South Korea, def. Yoko Emoto, Japan, waza-ari  
Heavyweight, Gold Medal  
Zheng Di, China, and Wu Ching Hui, Hong

**Kang 64 Kilograms**  
Gold Medal  
Alto Oishi, Japan, def. Cha Min-sun, South Korea, koka

**Table Tennis**  
Womens, Singles, Quarterfinals  
Deng Yanyan, China, def. Rika Sato, Japan, 21-13, 21-10, 21-10; 2nd round  
Kang, def. Ryu Hyeon, South Korea, 21-10, 21-10, 21-10; 2nd round  
Gao Heng, China, def. Chan Ton Luk, Hong Kong, 21-12, 21-9, 21-9.

**Soccer**  
Semifinals  
China 2, Kuwait 0; Uzbekistan 1, South Korea 0

**Table Tennis**  
Womens, Singles, Quarterfinals  
Deng Yanyan, China, def. Rika Sato, Japan, 21-13, 21-10, 21-10; 2nd round  
Kang, def. Ryu Hyeon, South Korea, 21-10, 21-10, 21-10; 2nd round  
Gao Heng, China, def. Chan Ton Luk, Hong Kong, 21-12, 21-9, 21-9.

**Medals Table**

	Gold	Silver	Bronze	Total
China	112	72	35	219
Japan	48	54	63	165
South Korea	48	54	63	165
Kazakhstan	20	20	23	63
Iran	9	9	7	25
Taiwan	7	1	1	9
Uzbekistan	6	8	17	31
Syria	3	3	1	7
Philippines	3	2	7	12
India	3	1	13	17
Malaysia	3	1	10	14
Kuwait	2	1	4	7
Qatar	2	0	2	4
Indonesia	1	11	9	21
Thailand	1	8	9	18
Turkmen	1	3	7	11
South Korea	1	2	5	8
Mongolia	1	2	2	5
Vietnam	1	2	0	3
Singapore	1	1	4	6
Hong Kong	0	5	7	12
Kyrgyzstan	0	4	5	9
Pakistan	0	4	4	8
Jordan	0	2	4	6
U.A.E.	0	1	3	4
Macao	0	1	2	3
Sri Lanka	0	1	1	2
Brunei	0	0	2	2
Nepal	0	0	2	2
Tajikistan	0	0	1	1
Burma	0	0	1	1

**Baseball**  
ATLANTA — Announced that Mike Strickland, pitcher, and Bill Peacock, infielder, refused outright assignments and elected free agency.

**NEW YORK** — Bought contract of Alberto Castillo, catcher, from Birmingham, AL.

**SAN FRANCISCO** — Claimed Steve Fester, pitcher, off waivers from Cincinnati.

**National Basketball Association**  
CHICAGO — Signed Dickey Simpkins, forward, to multiyear contract. Waived Walter Palmer, center.

**MINNESOTA** — Waived Randy Carter and Brian Davis, forwards.

**MILWAUKEE** — Signed Eric Mobley, center, to 4-year contract.

**VANCOUVER** — Named Chuck Davidson, manager of basketball operations and David Pedersen, scout.

**Football**  
ARIZONA — Released Barry Ward, running back, signed Todd Peterson, kicker.

**CHICAGO** — Waived Ron Westlake, tight end. Activated Darin Ireland, linebacker, from practice squad.

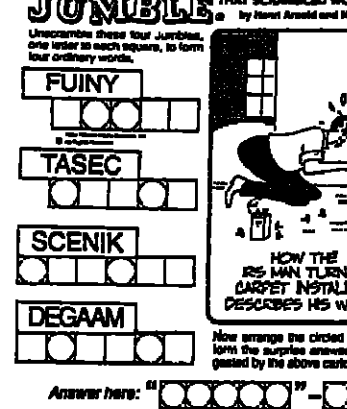
**CINCINNATI** — Waived Terry Richardson, running back, and Mike Prier, defensive tackle. Claimed Bruce Walker, safety, off waivers from Kansas City.

**NEW ORLEANS** — Claimed Selwyn James, cornerback, off waivers from Browns.

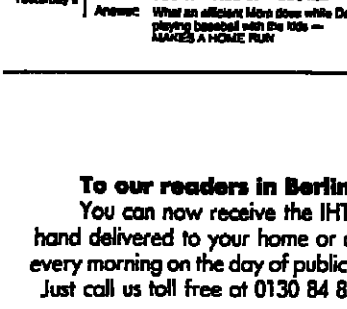
## DENNIS THE MENACE



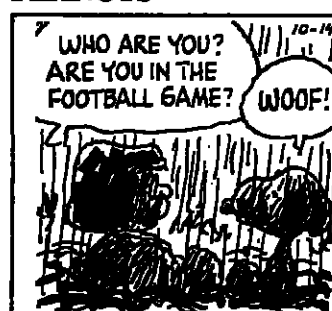
## JUMBLE



## DOONESBURY



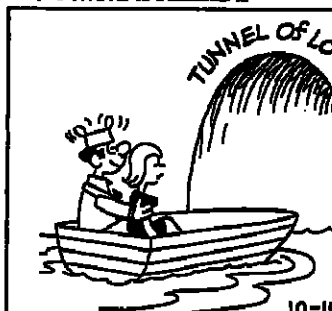
## PEANUTS



## GARFIELD



## BEETLE BAILEY



## DOONESBURY



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## THE FAR SIDE



## BLONDIE





# SPORTS

## Ballesteros Torches Frost In Match World Play Opener

### Singh, Montgomerie and Faxon Also Advance

The Associated Press

VIRGINIA WATER, England — A rejuvenated, and nearly unbeatable, Seve Ballesteros avenged one of his most painful defeats Thursday when he trounced David Frost in the first round of the World Match Play Championship.

Ballesteros, who was close to tears after he was routed by Frost, 7 and 6, in the opening round here last year, carded 13 birdies and shot bogey-free golf to beat the sixth-seeded South African, 8 and 7.

"I didn't have a bad day today," said Frost, who was 5-under when the match ended at the 29th hole. "I simply ran into a brick wall, and the wall wasn't going to move."

"He just didn't make any mistakes," Frost added.

Ballesteros, bidding for a record sixth world match play title, called it his best performance in his 19 appearances at the tournament.

"I wasn't thinking about the result last year. I was just trying to win," said Ballesteros, who shot a 9-under-

par 63 over the first 18 holes. "I said yesterday it would take something special to beat him. That 63 was something special."

In other first-round matches, Jesper Parnevik blew a 3-hole lead to lose to Vijay Singh, 4 and 3; Colin Montgomerie beat Yoshinori Mizumaki, 2 and 1, and Brad Faxon defeated Ian Woosnam by one hole.

For Ballesteros, last year's loss to Frost was the low point in a season in which he failed to win a tournament for the first time since 1975.

The 37-year-old Spaniard has since rebounded with two victories on this year's European PGA Tour, one in the German Masters two weeks ago, and is now second on the European money list. He was invited back to the World Match Play after John Daly withdrew from the 12-man field.

"Once you hit the fairway the game becomes a lot easier," said Ballesteros, who was overwhelming favorite Thursday despite the presence of two Britons.

"That's been the difference the last month and a half. I'm driving well. I'm hitting the ball a lot farther than last year. Last year I was hitting the ball with the shaft."

Ballesteros could do little wrong against Frost. A 24-foot (7.3-meter) putt to win the third hole was the first of five consecutive birdies. At the 18th, Ballesteros chipped from just off the green to within one foot of the hole.

He even managed to save par after hitting a 1-iron tee shot that landed behind a tree at the par-4, 399-yard 25th hole. A wedge back to the middle of the fairway, followed by a 9-iron approach and an 18-foot putt allowed the Spaniard to halve the hole.

Ballesteros will play No. 3-seeded Ernie Els, one of four golfers with a first-round bye, in Friday's second round.

Singh will play the defending champion and No. 1 seed, Corey Pavin, while Faxon draws No. 2 seeded José María Olazábal. Mont-



Seve Ballesteros, blasting out of a bunker, "just didn't make any mistakes," David Frost said after losing by the score of 8 and 7.

gomerie will tee off against the fourth-seeded Nick Faldo.

Perfect conditions on the West Course at Wentworth made for low scores in every first-day match, although stroke totals are often misleading in match play because many putts are conceded. Still, anything short of a birdie often resulted in the loss of a hole.

Parnevik, the runner-up at this year's British Open, began his Went-

worth debut by winning the first two holes against the eighth-seeded Singh.

The Fijian responded with nine birdies over 14 holes starting at the 10th, dropping two 45-foot putts on the way to a comfortable victory.

The No. 5 seeded Montgomerie, who beat Mizumaki at the 37th hole in the first round last year, found himself in another see-saw battle with the Japanese golfer.

Montgomerie went 1 up with a 12-

foot birdie putt at the 31st, then won the match at the 35th when Mizumaki, who is 103 places below the Scot in the world rankings, missed from the same distance for par.

In the only match to go the full 36 holes, Faxon took a 2-hole lead over Woosnam when the seventh-seeded Welshman hit back-to-back 3-irons out of bounds at the 17th and promptly conceded the hole.

Both golfers were in the trees in the second 18. Leading by three with three to play, Faxon failed to win it at the 34th when he missed a 4-foot putt for par, but he emerged from a bunker to sink a 7-foot birdie putt and halve the final hole to win the match.

"I missed a short putt on 16, then tried to give it away on 17," Faxon said. "Choked like a big dog."

## In NHL, Talks Now Concern a Cut Back Season

The Associated Press

NEW YORK — The National Hockey League, having stopped talking about contracts, is talking about cutting games.

The league spokesman, Arthur Pincus, said officials would have an announcement "later in the week" regarding possible schedule revision.

The lockout by the owners reached its 13th day Thursday, having surpassed the 10-day strike in April 1992 as the longest in hockey history.

No new negotiations have been set up, and both the league and NHL Players Association have now warned of a long and bitter battle.

Harry Sinden, general manager of the Boston Bruins, said, "I don't see any other word for it than a lockout."

In the major league baseball strike, the sides had tentatively been scheduled to resume talks, but put off their session until next week at the earliest.

## Lockout Reaches to Europe

The Associated Press

STOCKHOLM — Many of the 30-plus Swedish players in the National Hockey League have returned home during the lockout to ask about playing for local teams.

But they probably can forget about doing so unless the NHL shuts down for the season.

While the NHL Players Association has said its members should be able to play anywhere they want, the league fared the president of the Swedish league, Tommy Topel, in early October to outline its position.

"The players may not play in Sweden during the postponement," said the fax, signed by Brian Burke, the director of hockey operations. "Any player who attempts to play during the postponement will be in breach of his NHL contract, entitling his NHL club to cancel the contract, as well as to pursue any and all other available remedies."

Tuesday's announcement that league owners had rejected the players' latest proposal for a

new labor contract is not likely to change anything.

"I'm still waiting for an official statement from the NHL," Topel said. He added: "We have to listen to the NHL first because we have an agreement."

The NHL and the International Ice Hockey Federation, to which Sweden belongs, signed a three-year agreement on Sept. 16. The agreement includes player transfers.

Even if some players decide to play in Sweden, it could be expensive for the clubs to pay insurance money.

"I don't think they would play for free," Topel said. "Sure, it would be fun to see [NHL stars] in Sweden, but there's also a negative side. It could be unfair to players who are under contract with Swedish teams. The sponsors may not like it."

Among the Swedes to have returned home is the Olympic star Peter Forsberg, who signed a \$5 million contract with the Quebec Nordiques.

"I would like to play for my team MoDo," he said. "If they want me."

Urho Hilkovaara, head of the Finnish Hockey League, said Wednesday night his league would show its solidarity with the NHL and not allow Finnish NHL players to play in Finland.

There are seven Finns in the NHL, among them Winnipeg's Teemu Selanne, who was the league's top rookie in 1993.

None of the Finnish players has returned to Finland so far into the lockout.

The NHL-IHFF agreement was signed in Helsinki during a preseason tournament last month.

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## Looking for a Piece of Basketball History in Spain

The Associated Press

MADRID — Three years ago, Mike Smith and his teammates on the Spanish club Joventut Badalona came within two points of beating Magic Johnson and the Los Angeles Lakers at the McDonald's Open in Paris.

It would have been a historic upset, since no National Basketball Association team has ever lost to a foreign club.

Smith gets a second chance on Oct. 20, when the Golden State Warriors play Joventut, the European club champion, at the Olympic Pavilion in Badalona, a Barcelona suburb. That is the arena where the U.S. national team dominated the world at the 1992 Olympics.

"Maybe it could happen. I'd still like to be part of history," said Smith, a 31-year-old native of Brooklyn. "It would be an upset, a long shot, but that's O.K. with me. This is mostly entertainment, fun for the fans — but we'll be out to win and get a place in history."

The pre-season game is one of three in

Europe — and one of an NBA record 11 outside the United States this fall.

The Warriors play the Charlotte Hornets Oct. 18 in Paris, then travel south for the Badalona game. The European tour concludes Oct. 21 when Charlotte visits the defending Italian league champion Benetton Treviso.

While those two NBA clubs are busy in Europe, nine other NBA teams will play pre-season games in Puerto Rico, Mexico and Canada. The NBA regular season opener will be on Nov. 5 in Yokohama, Japan, between the Los Angeles Clippers and Portland Trail Blazers, who play a second game there the next day.

Ray LaLonde, the NBA's European spokesman, said the 1995 McDonald's Open — held every two years — would feature for the first time the NBA champion against an unspecified number of national club champions. He said Britain was the likely site, with Spain also possible.

Smith, a 6-foot-5 (1.96-meter) forward, knows Joventut is no match on paper for Don Nelson's Warriors, the NBA's most

improved team last season, whose lineup includes the rookie of the year, Chris Webber, and Chris Mullin and Tim Hardaway.

The Spanish club, led by Smith and the Spanish internationals Jordi Villacampa and Rafael Jofresa, has started sluggishly under new coach Pedro Martinez.

"We're the defending European champions and there's pressure on us — but it also should give us more motivation," Smith said. "So far, the motivation seems to be working for the other teams."

Smith, a star at the University of South Carolina at Spartanburg, is in his seventh season in Spain, where he has staked out a career and started a family. He and his Spanish wife, Claudia Garcia, have a 2-year-old daughter. Smith has dual U.S.-Spanish nationality, an apartment in Barcelona and a house in Miami, where he said his family plans to settle after four or five more seasons.

"My No. 1 dream would have been a career in the NBA," Smith said. "But I did reach a second dream, playing in Europe and winning the championship here."

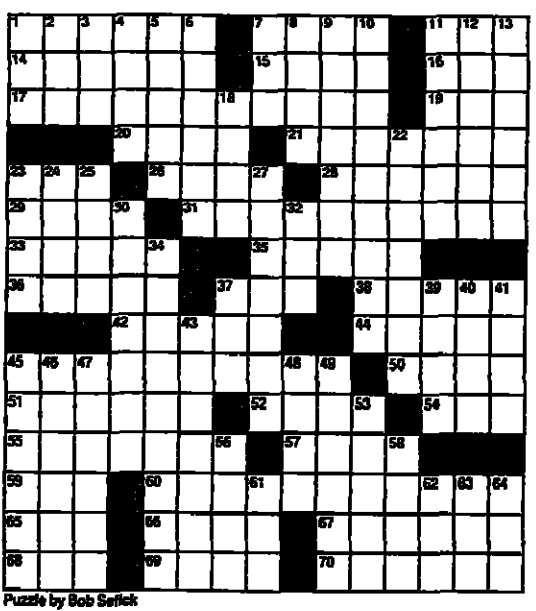
## CROSSWORD

### ACROSS

- 1 Nimble
- 7 Warbler James
- 11 Ammo
- 14 Shed
- 16 Glad rags
- 18 A month of Sundays
- 17 Start of a question
- 19 Mummur

### DOWN

- 2 Sprinkle
- 21 Stood by, as an
- 22 Sleeve
- 23 It's a long story
- 24 Returned
- 25 Meter
- 26 Part 2 of the question
- 27 Part 3 of the question
- 28 An Allen
- 29 Stringency
- 30 Amusement park feature
- 31 Part 4 of the question
- 32 Constantly
- 33 Takes advantage of
- 34 1937 Tommy Dorsey hit
- 35 Purpose
- 36 Choral piece
- 37 "Oleto" baritone
- 38 Upset
- 39 End of the question
- 40 You can spend it in Romania
- 41 Solar deity
- 42 Uneasy
- 43 W.W. II craft
- 44 Voters' choices
- 45 — d'estat (for the good of the country): Fr.
- 46 TV's Bundy and others
- 47 — gratias
- 48 Encouraging word
- 49 — about (legislative phrase)
- 50 Swamp
- 51 Yarn port
- 52 One who's not in
- 53 Develop slowly
- 54 Betty Joan Perske, familiarly
- 55 Wasps out of
- 56 Disperse, as a search party
- 57 Kind of cloth
- 58 Orange or lemon, e.g.
- 59 Rocket stage
- 60 Cruising



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### Solution to Puzzle of Oct. 13

EVILS HART JABS  
DINAH GLEO AREA  
ICARE TOSE MIEN  
CANDLESTICK PARK  
TRESTATE DANA  
ESA ELECTRA  
CABARET SEEKOUT  
OLIN ERIE  
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Source: \* VIVA Surveys '92 / '93.  
† Reader Survey '94.

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3:00 pm - 6:00 pm

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